

July


1921

# THE NATION'S BUSINESS



Published by the Chamber of Commerce of the United States





# Keep our Flag on the Seven Seas

## Our Ships Link American Industries With All Parts of the World

THE intricate fabric of international finance and trade was made possible only through the development of great transportation systems on land and sea. Today the reorganization of the world depends on the adequacy of efficient, reliable and modern methods of maritime transportation.

The American owned and officered merchant marine of freighters, tankers and luxurious passenger ships offers every accommodation for commerce and travel.

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June 25—August 2—September 6—Panhandle State (159).  
July 12—August 16—September 20—Old North State (159).

**Bremen and Danzig—From New York**  
July 13—August 26—Hudson (159).  
July 23—September 7—Susquehanna (159).  
July 28—September 14—October 20—Potomac (159).

**Naples and Genoa—From New York**  
June 30—August 13—September 24—Pocahontas (159).

**Plymouth, Cherbourg and Bremen—From New York**  
July 23—August 24—September 25—America (159).  
July 28—August 27—September 24—George Washington (159).

##### SOUTH AMERICA

**Rio de Janeiro, Montevideo and Buenos Aires—From New York**  
June 29—Martha Washington (91).

##### FAR EAST

**Honolulu, Yokohama, Kobe, Shanghai, Manila, Hongkong—From San Francisco**  
July 25—Empire State (105).  
August 6—Gibson State (105).

**Yokohama, Kobe, Shanghai, Hongkong, Manila—From Seattle**  
July 2—Silver State (106).  
July 30—Wenatchee (106).

##### HAWAII, PHILIPPINES, EAST INDIA

**Honolulu, Manila, Saigon, Singapore, Colombo, Calcutta—From San Francisco**  
July 14—Granite State (105).  
August 12—Crescent State (105).


##### COASTWISE

**Havana, Canal, Los Angeles, San Francisco—From Baltimore**  
June 25—Empire State (105).

#### OPERATORS

80 Matson Navigation Co.  
120 Market Street, San Francisco, Calif.  
20 South Gay Street, Baltimore, Md.  
91 Munson Steamship Line.  
67 Wall Street, N. Y. Tel. Bowling Green 3200.  
103 Pacific Mail S. S. Co.  
19 Halcyon Sq., N. Y. Tel. Bowling Green 4050.  
821 Market Street, San Francisco, Calif.

106 The Admiral Line  
17 State Street, N. Y. Tel. Bowling Green 5825.  
1. C. Smith Bldg., Seattle, Wash.  
139 U. S. Mail S. S. Co., Inc.  
45 Broadway, N. Y. Tel. Whitehall 1200.



## Ship and Sail in American Ships

FOR SAILINGS OF FREIGHT SHIPS TO ALL PARTS OF THE WORLD WRITE DIVISION OF OPERATIONS,  
TRAFFIC DEPARTMENT, U. S. SHIPPING BOARD EMERGENCY FLEET CORPORATION, WASHINGTON, D. C.



## Business Meets New Conditions

American business has been clearing decks. Budgets have been revised. Every buying, selling and production unit has been overhauled and made ready for intensive service. Economy has been the test—economy of time and effort.

In any study of functions and readjusting of methods, the work done by your bank balance should not be overlooked. Has it been merely a checking account and a basis for commercial credit? Or has it brought to the aid of your organization other constructive services? Are you making use now of all the help it should provide?

Many business men who carry deposits with the Irving or with Irving correspondents have discovered broader service possibilities in their banking connections. The Irving investigates markets as well as credits, expedites deliveries of merchandise as well as collections, supplements the information resources of its customers both in domestic and foreign fields. Every transaction it undertakes, either at home or over-seas, is handled with a clear understanding of business essentials as well as of banking requirements.

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# Proof

Service—a term so much misused that it is often questioned as to value and even existence.

But an act of service is proof of the existence of service. The character of that service is proof of its value.

Thru our belief in, and practice of, the principles which make service possible we have been able to serve. Hydraulic business is built on frankness, "human-ness" and confidence. It is our desire at all times to live up to and strengthen these principles.

Consequently, we take great pride in this tribute from the Philippi Blanket Mills, which illustrates a Hydraulic principle that anything which is not right will be made right so that it will satisfactorily *serve* the purpose for which it is bought.

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of THE HYDRAULIC STEEL COMPANY  
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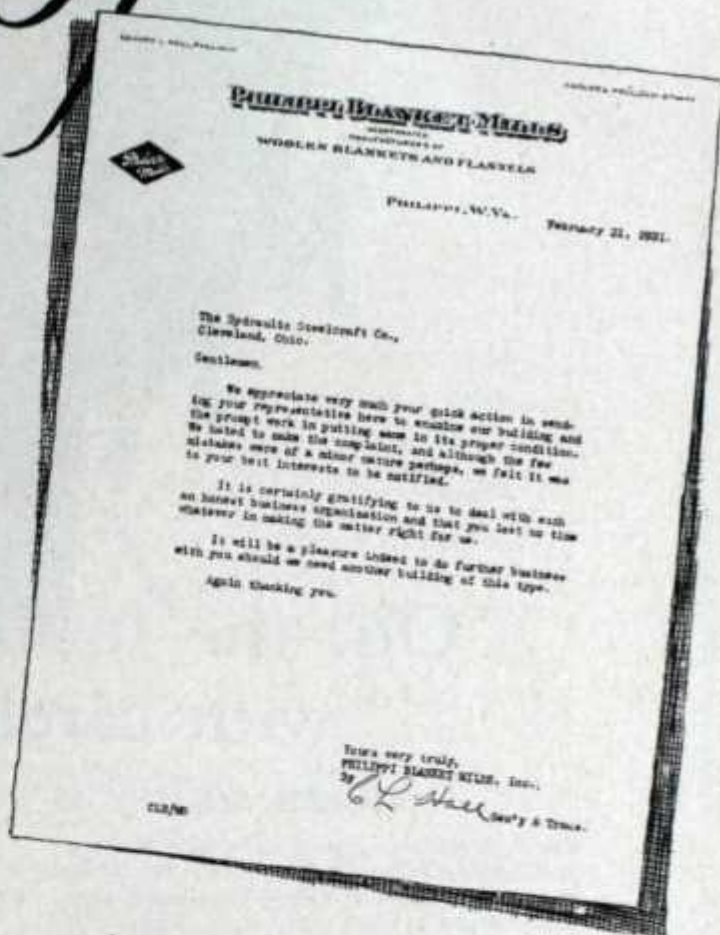
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Standardized





## Oh! the folly of pleading with careless men!

—when safety is so cheaply bought

For eighteen months we have been fearlessly and frankly pointing out to you the danger of the open-knife switch. As a result thousands of plants have eliminated all possibility of switch accidents by installing Square D Safety Switches.

But is your plant one of the equally large number which have not? Are you one of the executives who have failed to profit by the costly experience of others? Have you failed to visualize the possibilities of a fleeting contact between the hand of a careless workman and an open-knife switch? Have you refused to provide safety when safety is so cheaply bought?

Properly handled, electricity is never dangerous. *But the open-knife switch has always been a source of accident and always will be!*

### Outlawed—the open-knife switch!

Denounced by safety experts, attacked by fire marshals, blacklisted by architects, and condemned by electrical contractors, the dangerous open-knife switch is doomed! So insistent was the cry for safer factories and homes, that the National Board of Fire Underwriters recently took an open stand against the open-knife switch and recommended the use of safety switches instead.

### Danger!



### Square D—the approved safety switch

Don't wait until a careless workman maims himself. *Act now!*

Go out into your plant yourself. Count the unprotected, dangerous, open-knife switches. Then phone any good electrical contractor. *Don't wait to write him.* He can tell you to a penny what it will cost to install Square D—the approved safety switch.

DEALERS: Write for our proven business getting plan. It will help you hasten the installation of Square D switches in the factories and homes in your territory.

**Square D Company, Detroit, U. S. A.**  
Canadian Factory: (6) Walkerville, Ontario

### Safety!



# Square D Safety Switch

## Makes Electricity Safe for Everyone



## Through the Editor's Spectacles

SOMETHING ought to be done," said a visitor to the editor's office recently, "something, I mean, about calendar reform. I'm not thinking of a fixed date for Easter or making the Chinese and Jewish New Years conform with ours. I mean about weeks and days. There aren't enough to go around. I've scarcely recovered from prune week, when orange week is on me. When I'm full up with my duty in observing motor-cycle week along comes bicycle week and buy-a-car week.

"Mind you, I'm not complaining. I'm just as anxious as any man to do my duty, whether it's national clean up week, or national paint week or eat more meat week.

"What strikes me is that the whole program ought to be coordinated and supervised. Maybe there ought to be a Federal Calendar Commission which should receive applications and allot dates like a baseball schedule.

"I see that 'National Suspenders Week' is announced for October and 'Give-Him-Suspenders' week for December. All right! I yield to no man in my respect for suspenders but there ought to be some one to decide what two weeks they should have. Just suppose National Belt Week and National Suspenders Week should come together. I appreciate that it was once said of a candidate for high office that his innate conservatism was shown by his being photographed wearing both suspenders and a belt, but that's further than I want to go.

"No, sir; something ought to be done."

AT FIRST we were inclined to get mad, but after some reflection we decided to forego that luxury and to laugh instead. Editors must get hardened to having their motives questioned.

In the May number James B. Morrow did a story about Secretary of Labor Davis. He referred to Mr. Davis's work in building up the Loyal Order of Moose. This part of the article seems to have roused some unholy suspicions in the breast of another fraternal organization, the Order of Owls. One of the Owl officials sent us a letter, part of which follows:

Give us rate that you gave the Loyal Order of Moose for the article concerning Davis and the Moose in your recent issue. We feel that was a nice advertising stroke and we admire the advertising ability of the Moose very much as we admire Mr. Davis who is personally known to us.

We also admired your editorial squib concerning the tractor on your cover. You boys have the way. You know how to put it over. We are for you. Of course our business is a little different, being entirely and absolutely honest and we do not care, in case you feel that your publication does not appeal to "honor bright," to place our ad with you under any circumstances.

You will pardon us for saying we are suspicious of you. We do not want to deal with you if you are selling something you do not happen to own, like Billy Sunday is selling lots in heaven. If you are selling something you know nothing about any more than golden streets in a new Jerusalem or oil wells that never will burst into oil, we prefer to quit right now in our correspondence.

Now, boys, understand this letter as it is written. It is not intended to be offensive. It is not intended to be a criticism. We have a standard to maintain. Our standard is "honor bright."

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

We are willing to make the Owls this offer: if the head of their organization ever gets a cabinet portfolio we will write a story about him and run it free of charge too. That is "honor bright."

AND IT IS letters such as the following that enable us to enjoy those of the Owl type. This one is from Dr. L. S. Rowe, director of the Pan-American Union:

I want to congratulate you on the particularly admirable content of the June number of THE NATION'S BUSINESS. There is no other magazine in the United States which furnishes so high a standard of material on matters relating to commerce, trade, and industry.

OUR SERIES on "When Land Words Go to Sea," showing differences in verbal usage, has been widely reprinted, and has brought a letter from Nelson Feeley of the Strathmore Paper Company. Mr. Feeley takes exception to the phrases "Lift does not mean

(at sea) to raise, but is a rope"; and "Wall is not a wall, but a knot put on the end of a rope." To this our correspondent retorts: "There are but six ropes aboard a sea-going ship, i.e., wheel, belt, bolt, ridge, man, and foot ropes. All the rest are lines."

True—that is, partly true; but our ship expert says that if Mr. Feeley were to give an order to cast off the flying jib line, or overhaul the fore topmast staysail line, or were to give an order respecting the braces, brails or halliards as "lines," considerable confusion and wonder might be set up among the sailors.

OUR QUOTATION from Guy Morrison Walker on thrift continues to prompt discussion, in letters and in newspaper columns. Answering his complaint that "the pulpit and press seem to be united in agreeing that it is a sin to have anything," and that "a large number of people declare property is theft," the Hutchinson (Kans.) Gazette says:





## Hot Weather Curtails Production

Offset this slump with  
Jewett Water Coolers

**T**HE best insurance against the summer let-down in production is cool, pure, refreshing water. Jewett Coolers supply this need in a convenient and economical way. They furnish unlimited quantities of free-flowing, healthful, ice-cooled water that revives mind and muscle, and overcomes the energy-sapping effect of heat.

Jewett Water Coolers connect direct to your regular water supply. The water passes through a large coil of pure black tin pipe, and is carried up to the bubbler. The ice does not come in contact with the drinking water—it merely chills the coils through which the water flows. Consequently the temperature is just right.

The Jewett improved angle flow bubbler makes it impossible for the drinker to touch the bubbler with his lips, nor can any water drop back from the mouth into the bubbler. Yet a glass can be easily filled from the angle flow stream if desired.

The exclusive square design of the Jewett makes it far more economical of ice than the ordinary round cooler. This is explained in detail below. Walls are insulated with 1½-inch thickness of pure cork, which most effectively locks out the heat and greatly reduces ice bills. A Jewett Cooler will pay for itself from the saving it creates.

**SELLING DIRECT—CUTS COST.** Jewett Coolers are sold direct from the factory. That means a saving on first cost. They can readily be connected by any handy man. Write today for detailed information.

**The Jewett Refrigerator Company**

Established in 1849

25 Chandler Street

Buffalo, N. Y.



This shows how the round type coolers must be packed. Each small piece of ice offers a melting area. In a round cooler these areas are multiplied many times. That is why ice melts so rapidly in a round type cooler.



This shows the way the Jewett Water Cooler is packed with a solid cake of ice. Ice in cake form presents a smaller melting area. The ice melts evenly and slowly. That's why Jewett Coolers conserve on ice.

# JEWETT

SQUARE WATER COOLER

The American people have no patience with sovietism or bolshevism. The American people believe in thrift and industry and sanity and righteousness. The American people do not put property rights above human rights, but they are far from denying property its rights and just privileges, because they realize fully that all social order must rest upon the sacredness, first of human rights, and then upon the validity of the law of mine and thine. The two are in no whit contradictory. They are rather complementary. What shall it profit a man if society guarantee him life and liberty and deny him or wrest from him the lawful fruits of his industry?—provided always that his industry invades not the liberty, nor preys upon the industry of his fellows.

**MR. IOWA SMITH**, president of the Textile Mill at Columbus, Ohio, dropped into the office the other day to tell us that in an extended tour for business purposes covering eighteen months he had found continuous verification of the business map and comment supplied every month to **THE NATION'S BUSINESS** by Archer Wall Douglas, of the Simmons Hardware Company. He had this to say of general conditions:

Immediately after the Armistice, it became necessary for me to get out among the trade. At that time the United States was passing through an industrial vacuum and it continued until about the following March 1. Business was suspended, business men were in uncertainty. Then, with the return of the troops from abroad and the general spirit of elation and relief there came a period of spending during which we witnessed an extraordinary orgy of extravagance.

Last June the period of spending spent itself. The effects began to be manifest about that time and developed into what we came to call the "buyer's strike."

In my opinion this so-called strike was the psychological effect of editorial and governmental admonitions that the high cost of living could be brought down only by greater production or less consumption. To increase production was impracticable. The result was a greater decrease of consumption than we had bargained for.

We are now on the up-turn and are entering upon a long period of unexampled prewar prosperity. This is my considered opinion, based on contact with business men of all sections.

Every month as I studied Mr. Douglas' map I found the conditions as I saw them in this community or that city accurately reflected. I think his department one of the most valuable in the magazine.

One thing we have noticed in complaints about the map: No one has ever protested that it made his section prosperous when it ought not to be.

**ASBURY COLLEGE**, at Wilmore, Ky., took part in an intercollegiate debate not long since on the China Banking Consortium, and was represented by R. L. Ruth. Mr. Ruth writes that he made use in his argument of the article in **THE NATION'S BUSINESS** of September by Thomas W. Lamont, written after his return from a trip to the Far East on behalf of the American banking group in the Consortium.

"I wish to say that we used your magazine in the debate," writes Mr. Ruth, who argued in behalf of the Consortium, "and at the close the judges reached a decision in our favor. So our club is the champion for the coming year."

Our congratulations to Mr. Ruth and his club! May he hit a home run every time he debates!

**ENTHUSIASTS** keep the world going. Charles P. Craig, of the Great Lakes-St. Lawrence Tidewater Association, is one of them. He asked us to print something of that pet project of his. We retorted with

## Let us make it for you



A few examples of pressed steel stampings which we have made for prominent companies

**YOU** will find our equipment for making pressed steel stampings unsurpassed in completeness. We have presses and machines of all kinds, capable of very heavy pressed steel plate work as well as the lighter sheet metal stampings. Our facilities for electric welding are unusually large, including best modern methods. We have complete machine shops for making dies, tools, etc.

**Truscon Service Yours  
Without Obligation**

Our engineering force is always at your disposal. In designing your steel parts its advice and co-operation can save you money or give you a better product. The long experience of the Truscon organization will also be of value to you in improving your products by using pressed steel in place of other materials.

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YOUNGSTOWN, OHIO

Warehouses and sales offices in principal cities

# ◆ TRUSCON ◆ PRESSED STEEL



an inquiry as to whether the public would take kindly at this time to a project calling for great expense.

Did that content him? Not a bit of it. He agrees that the public would not take kindly to such a project, but he adds:

"We—I mean you—must educate the public to the difference between expense and investment."

Then he goes on:

The transportation system of the country must be maintained or the country will wither. Shall we spend three billions for equipment in order to take care of the peak load? Or shall we spend two billions for equipment to take care of the ordinary load and something less than one billion on the waterway that will furnish a free outlet for the surplus? I do not know how familiar you are with what has been brought out in these hearings. But upon the evidence of railroad men and shippers and others it is made plain that the carrying capacity of the western roads will be doubled or trebled if they can shuttle their cars back and forth on their own lines to a lake port instead of losing them in the maelstrom east of Buffalo. The statement that the railroads could cut off a billion dollars from their estimates for equipment if this water road were open is generally accepted. The result as to the railroads would be immediately to benefit their earnings and ultimately to increase them. That statement also is generally accepted.

Therefore, I hope you will be gentle with the poor, sore, bruised, bewildered public. But I also hope you will be firm. The transportation system must have its betterments. Funds must be found. What is the least expensive way of getting the necessary results?

Is that a fair statement?

**COMMENTING** on Senator Cummins' article about the railroad situation, in our April number, James D. Negus, of 1190 Broadway, New York, unburdens his bosom of certain animadversions upon the Esch-Cummins Act:

The "present operating expenses are too high" because the provisions of the *ultra vires* "Transportation Act" itself made them so. The underlying letter and spirit of the Act was to radically increase practically all the operating costs of the roads and to also increase the costs of transportation to those who must pay therefor. The Act might have been truthfully and properly labelled "An Act to increase the costs of everything to everybody under the U. S. Flag." As a matter of painful truth and fact that is just what the Act has accomplished up to this date, and it may be safely assumed that the authors and gestators of the Act realized and foresaw what its effect would be and were willing and perhaps desired that the inevitable result of their action in the premises should come to pass just as it has in most drastic fulness and potency.

Our legislators are so seldom accused of setting out deliberately to raise prices all 'round to everybody, including themselves, that this indictment has the merit of novelty. The authors and gestators of the Esch-Cummins Act have achieved a unique eminence!

**DIFFICULTIES** that are apt to be encountered in the universal crusade for more efficiency in all callings are illustrated in the following communication "to the Editor":

The call for increased efficiency is heard everywhere in this period of deflation, and with it comes a demand for better standards of testing efficiency. Certain forms of labor suggested their own. Bricks laid by the hour may do very well, but the problem grows more difficult as we approach other callings. Shall we sympathize with, or resent, the attitude of a clergyman who, as reported in an address at a meeting of efficiency engineers, had objected to being "rated on the number of conversions per pew-hour?"

*M.T.*



## An Invention Which Helps Executives Get Facts Quickly

*Practically all modern office equipment is designed to save the time of relatively low-priced employees: here is an invention which vastly increases the capacity of the executive.*

**J**UDGMENTS are formed and decisions are made by executives. The physical work of carrying out those judgments and decisions is done largely by relatively low-priced employees. Only a few have the ability to plan, judge and decide. Yet, despite this difference in their value to an organization, most modern office equipment is designed to save the time of the employees.

We have typewriters, adding machines, loose-leaf devices, modern filing equipment—systems of every description. And they are invaluable, of course. But the need today is for something that will enable the executive to produce a greater volume of **THOUGHT** out of the **TIME** available.

### Knowledge on Tap

No executive can hope to know every last detail of his business. He must constantly get reports from others. Department heads know or have their fingers on facts which the executive must be able to get instantly. This involves communication, and upon the ease and speed with which this communication is effected **DEPENDS MUCH OF THE EXECUTIVE'S EFFICIENCY.**

The push button is an inefficient for the executive as the quill pen is for his secretary; the push button produces an office of *walkers* instead of *workers*.

The telephone, operated from a switchboard, has proven highly unsatisfactory for intercommunication; it causes aggravating delays; it is distracting to the executive, for it concentrates his mind upon a conscious physical act; it levels an organization, for the ringing telephone means **ANY ONE OF A THOUSAND PEOPLE MAY BE CALLING.** The delays, the "Hellos," the interruptions to outside service, have proved the **NEED** for an efficient, independent, intercommunicating service.

### What Happens Now?

In offices where the Dictograph system is installed executives reach their associates, assistants and employees instantaneously with no more physical effort than pressing a key. Every person called **KNOWS AT ONCE WHICH EXECUTIVE IS CALLING** and answers accordingly. Thus the executive receives the instant attention which would be

his if he were personally to appear in any office or at any desk.

The loud-speaking master station on the executive's desk renders unnecessary any receiver being held to the ear (unless privacy is desired). The "visual" shows the executive **WHO** is calling **HIM.**

The Dictograph System makes it **SO EASY TO ESTABLISH COMMUNICATION** that information is obtained **QUICKLY.** The **DIFFICULTY** and **DELAYS** incident to old methods of getting facts have often caused executives to put off asking for them. The Dictograph System eliminates that cause of inefficiency.

### A Remarkable Booklet FREE

We want to send you, absolutely free, a copy of "An Essay on Executive Efficiency." It analyzes the close relationship that exists between office and executive efficiency and dependable intercommunication. It gives you an entirely new conception of how to conserve your own time and thought. Many executives have said it is the most helpful and enlightening article they have ever read on the subject of Executive Efficiency. Also check the coupon for a five-minute demonstration of the Dictograph System, if you would like to see just how it helps you. Mail the coupon now.

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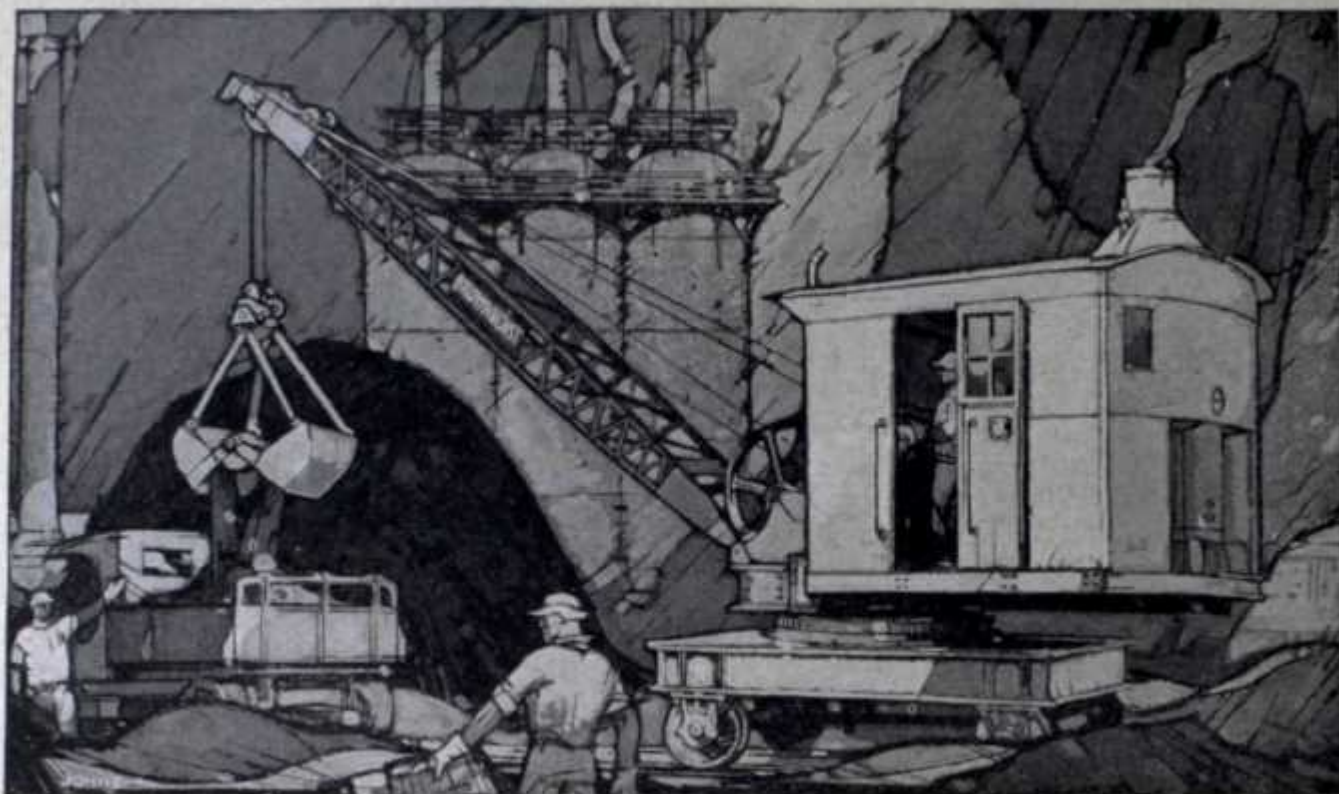
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N. B. 7-21





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A Brownhoist—efficient, economical, sturdy—can be profitably employed in most industrial plants. Are you eager to cut corners in material handling costs? Then send for our catalog K-21, which shows how a Brownhoist Crane cuts costs.

The Brown Hoisting Machinery Co., *Cleveland, Ohio*

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*Other Products—Grab Buckets, Electric Hoists, Trolleys, Overhead Cranes, Bridge Cranes, Heavy Dock Machinery.*

# BROWNHOIST

DEDICATED TO QUALITY SINCE 1880



# NATION'S BUSINESS

A Magazine for Business Men

VOLUME 9, NUMBER 7

JULY, 1921

## Trade Associations and the Law

Some expert suggestions on the timely subject of what activities these organizations may undertake legitimately, and where they encounter the displeasure of the Government

By FRANK K. NEBEKER

*Former Assistant to the Attorney General in Charge of Anti-trust Matters*

**D**URING THE WAR the formation of trade associations in this and other countries was greatly stimulated, due in part to the general demand for industrial efficiency and in part to the adaptability of such organizations to the war-time needs of the respective governments. It is estimated that at the present time there are more than one thousand of these associations in existence in this country, and at the rate at which they are now being formed, it is only a matter of a short time until every branch of industry will have its representative association. It is not surprising, therefore, that the attention of the public is being increasingly focused upon these organizations, and it requires no gift of prophecy to foresee that the time is approaching when they will be called upon to "show cause" before the tribunal of public opinion.

That this is so, needs no further assurance, indeed, than the fact that President Harding saw fit to make pointed reference to organizations of this character in his initial message to Congress, and the further fact that only a few days ago both the Department of Justice and the Department of Commerce issued official statements concerning them.

There can be no doubt that if trade associations succeed in securing the approval of public sentiment, they must not attempt to stifle intelligent and wholesome competition; for if they do this, the great consuming public will naturally assume towards them the same antagonistic attitude it has always presented towards trusts and monopolies. The fact must not be overlooked that public policy in this country as indicated in the various anti-trust statutes—both Federal and State—calls for the free play of competition in industry.

Trade associations are strongly suspected of contravening this policy and it must be admitted that in some instances the suspicion is not wholly unfounded. The temptation to control production and fix prices is ever present and for that reason those who have the destiny of these organizations in their keeping should make a special effort to keep them so far within the pale of

**I**N THE FACE of a growing conviction of the need for greater cooperation, the American business man is apt to become confused over recent Government statements concerning trade associations. He isn't sure as to what his organization may do and what is illegal. Mr. Hoover made this comment on the subject a few days ago:

"All are agreed that the purposes and actions of the vast majority of national associations are a constructive contribution to public welfare. . . . The Department of Commerce wishes to cooperate and assist with all of this sort of effort.

"A smaller number of such associations have been engaged in the collection of data on the prices for the exclusive use of their members. Some of these associations have been charged with delimiting areas of commodity distribution among their members and other misuse of information.

"Whether these latter practices constitute a violation of the national anti-trust laws must be determined by the courts, and this the Attorney General is vigorously proceeding to find out."

Without seeking definitely to define what "practices constitute a violation" of the law, we have asked Mr. Nebeker to outline for us what the proper functions and duties of the trade associations should be. We have turned to him since, as Assistant to the Attorney General, he had charge in the preceding administration of all anti-trust activities of the Department of Justice. He appeared for the Government in prosecutions under the anti-trust laws which were brought against the Reading Railroad, the Lehigh, the Eastman Kodak Company and the packers.

Mr. Nebeker was very much in the public eye when he carried on for the Government the prosecution and secured the conviction of Bill Haywood and the other leaders of the I. W. W.—THE EDITOR.

the law as to remove all grounds for suspicion. That certain trade associations have by combined action of their members arbitrarily restricted production and fixed prices, will scarcely be denied by anyone familiar with the subject; and it goes without saying that wherever and whenever they do this with respect to any commodity which is the subject of interstate commerce, they lay themselves liable to indictment and prosecution.

The erroneous impression seems to be somewhat prevalent, even in certain official quarters, that with respect to the law all trade associations belong in the same category. Nothing could be further from the truth. Probably there is not a single association in the country which because of its structure alone could be said to be an unlawful organization *per se*. In the eyes of the law, therefore, each association stands on its own bottom.

The impression has become somewhat prevalent that production may be curtailed and prices arbitrarily fixed so long as this is not the result of express agreement. This, of course, is a fallacy for which there is little excuse in light of the decisions. If, perchance, the activities of the association are of such character and the relationship of the members so intimate as to enable them by means of a "wink or a nod" to secure a result that would be unlawful if obtained by express agreement, the legal consequences are the same in the one case as in the other.

It is elementary law that a conspiracy may be established without proving an express agreement. It is sufficient if the "circumstances" justify the inference that a conspiracy exists. So that all trade associations may as well, once and for all, abandon the idea that they can surreptitiously and by indirection do that which would be unlawful if done openly and by express agreement.

If, in good faith, these organizations duly recognize this, there can be no doubt that their dominating position in the industrial system is assured. When properly conducted it combines the strength derived from cooperative effort with the benefits resulting from the free play of individual initiative. It recognizes the independent existence and local autonomy of each enterprise in the association in much the same way as local political autonomy is recognized in our scheme of government.

While trade associations have multiplied with great rapidity within the last few years, it would be an error to assume that the theory of their organization is a new one. The cooperative instinct was early exemplified in such organizations as the "guild merchants" and "guild crafts" of England and the Hanseatic League in Medieval Europe. Typical trade associations began to appear in this country many years ago, as witness: the Carriage Builders' National Association, founded in 1872; the American Paper and Pulp Association, in 1878; the Laundrymen's National Association of America, in 1883;



and the Association of Brass Manufacturers, in 1886.

Most trade associations deal with commodities which constitute the subject of interstate commerce; therefore, the question naturally arises as to the status of those organizations under such statutes as the Sherman Anti-Trust Act, the Clayton Act and the Federal Trade Commission Act. This article is not intended as a legal brief on the subject and no attempt will be made to draw any close legal distinctions. It will sufficiently serve present purposes to point out some of the activities which clearly are, and others which clearly are not, within the prohibitions of those statutes.

It will be noted that the Sherman Act denounces all contracts, combinations and conspiracies in restraint of trade in interstate commerce. It is well settled that price fixing by agreement, combination or conspiracy, with respect to commodities in interstate commerce, constitutes a violation of this statute. It is equally well settled that restriction of production by this method is also unlawful. It matters not how ingenious the means may be for the accomplishment of these purposes, an association is simply guilty of self-delusion if it resorts to subterfuges in this connection.

### Don't Have to Put It in Writing

FOR instance, in a certain association which shall be nameless, it was the practice for the members to exchange information concerning prices already adopted. On a certain occasion one of the largest members of the organization, within five days after raising certain prices, notified the secretary thereof in the usual way. In less than a week thereafter practically all of the other members gave notice that they had made identical price advances.

Another practice which has been found, and one which should not be tolerated, is that of a secret combination between trade associations and trade unions whereby unreasonably high prices are made possible by an artificial curtailment of production. Ostensibly this result is produced by the union alone, acting in its own interest; whereas, the fact is that the association is a willing but silent partner in the enterprise. The trade union, however, assumes full responsibility because of its supposed immunity from prosecution.

Aside from the reprehensible character of such a scheme, it is suggested that in the light of the Duplex Printing Press Company case, recently decided by the Supreme Court, it is a mistake to suppose that it is one which derives any appreciable amount of saving grace from the fact that one of the parties to the combination is a trade union.

As an economic proposition, it may be a debatable question whether the law should not be amended to give greater freedom of action with regard to the establishment of prices and the control of production, but that is another story. Certain it is that if the law should ever be amended in those particulars, Government regulation of some kind must be provided in order to safeguard the interests of the consuming public. This thought is well expressed by the *American Contractor* in the following language:

"If we are to be consistent we must be for competition or against it. If, after all, we believe in monopoly, then we must be reconciled to very stringent regulation of monopoly

business by Government agencies. The time is approaching rapidly when business must make a final choice between competitive conditions and monopolistic conditions, and if the latter is accepted the public will insist, eventually, on thorough and effective Government supervision. We only kid ourselves if we ignore the fact."

Looking at the other side of the question, it can be safely asserted that most of the really important activities of trade associations are innocuous; for instance, there can be no possible objection to the fact that the association affords an opportunity for the members to become better acquainted. It is no concession to mere sentimentality to say that the encouragement of friendly social relations among competitors is of no small value in industrial operations. Every up-to-date business man is more or less familiar with the law of action and reaction in its application to human relations and realizes that the man who is jealous and suspicious of others will be the object of jealousy and suspicion himself; that an unfair competitor will become the victim of unfair competition; on the other hand, that friendship, candor and frankness react in kind. An appreciation of this law is of prime importance in the psychology of trade associations. Through centuries of training the Anglo-Saxon business man has developed the competitive instinct, at the expense, nevertheless, of the cooperative instinct. The time has arrived, however, when a larger degree of cooperation among the producing and distributing forces of American industry is indispensable if this country is to secure and hold its share of the world trade.

There are other activities carried on by trade associations which are equally unobjectionable. There can be no objection, for instance, to the adoption of adequate methods of cost finding and accounting. Indeed, it is desirable from every point of view that all manufacturers should have full and complete information concerning costs; and yet, until recently, anything like an accurate system of cost finding and accounting was unknown to the average business concern. This is due in large part to the happy-go-lucky

tion of arbitrarily assumed elements of cost.

For example, if insurance rates at the various factories differ because of varying degrees of risk, it would be wrong for members of the association to adopt as an element of cost a uniform insurance rate. The tendency of such a practice would be the establishment of uniform prices.

The trade association should also be an information bureau concerning such matters as grading, classification and conservation of raw materials; standardization of processes and products, and of packing, shipping and marketing. Involved in these activities are such important ones as research work, waste elimination, experimentation, improvement of working conditions, and encouragement of friendly and sympathetic relations between employers and employees.

### To Cope with Foreign Competition

THE point that deserves special emphasis is that trade associations when properly conducted make for efficiency without taking on any of the objectionable qualities peculiar to trusts and monopolies. Efficiency in industry is needed now as never before in the history of the country. Our national prosperity will not be of an enduring character unless the manufacturers here are able to cope with those elsewhere in the contest for business in foreign markets. To do this, the standard of efficiency in our factories must obviously be equal to those of their foreign competitors.

It is a well-known fact that in England and Germany, and to some extent in France and Italy, cooperation in industry has been more fully developed than it has in this country. The trade associations in England and the cartels in Germany, under the fostering care of those Governments, respectively, have become powerful industrial agencies. Those countries have perceived the necessity of consolidating their national financial, industrial, and commercial forces in such a way as to enable their business concerns to present a solid front to their competitors in the markets of the world. A number of examples of trade associations which have attained great size and power in England could be cited.

While the Sherman act is supposed to be based upon the English common law relating to trusts and monopolies, it would be a mistake to assume that the attitude of Government in England toward those institutions is as unfriendly as the Government attitude is in this country. To illustrate, it was held in England, in the *Mogul Steamship Company* case, that it was not a violation of law for several steamship companies to agree to give rebates to shippers loading cargoes at Hankow, even though the effect of such practice was to prevent plaintiffs from conducting the tea-carrying trade between China and England. It is true that this decision was characterized by Sir Frederick Pollock as embodying "an act of judicial legislation far

more important than most statutes"; nevertheless this decision has not been overruled nor has Parliament seen fit to enact any legislation to the contrary. It has resulted from this liberal view that British combines need have little fear of prosecution if on the whole the consequences of combination are not clearly harmful from an economic point of view.



methods which have prevailed as a result of the large profits which have generally rewarded industry in this country. As a general proposition a mere approximation with respect to costs has fully sufficed for all practical purposes. As a word of caution at this point, let it be said that in no case should an association encourage the adop-



# What the Reparations Mean to Us

We must welcome German competition upon the lines along which she has proved her efficiency; nor can we specify that a European borrower must spend his money here

*An Authorized Interview with Thomas W. Lamont, of J. P. Morgan and Company*

**THOMAS W. LAMONT**, of J. P. Morgan & Company, who was financial and economic adviser to the American Peace Delegation at Paris two years ago, returned the first of June from France, where he was active in the negotiation by which France recently issued \$100,000,000 of her government obligations in this country, in order to take up pending maturities and to make further purchases here. While in Paris and in London Mr. Lamont's counsel was frequently sought in the plans for the settlement of the German reparations question. It was on that account that a staff man was sent to see him. He endeavored to get from Mr. Lamont his opinion of the effect of the reparation settlement on the economic condition of Europe and of this country. Here is, in part, what he said:

"Germany's acceptance of the London reparations terms was a pivotal point in the economic status of Europe and of immense importance to the prosperity of this country. It is my belief that a marked improvement will before long become manifest in the world's economic condition, now that Europe is able to strike something like a trial balance sheet and to go ahead with some assurance.

"Europe is distinctly on the mend. A partner of mine, Mr. Dwight Morrow, who was recently in France, has just completed a study of industrial and trade conditions there, and he found that marked progress had been made in the last twelve months. The reparations settlement ought to tend still further to improve conditions, not only in France but on the continent generally. The decision of the Briand cabinet to accept the plan laid out at London was attacked bitterly by certain elements in French public life who, I think, failed to realize that one great value of Briand's prudent course at London was to command the instant and warm support of the British and American publics. When the French in Paris asked me to make this point plain, I said, in effect:

"I have no right to speak for America, but perhaps I can give you the opinion, as it comes to me, of the American business man, of the manufacturer, and the merchant who buy from France and sell to her; of the American banker who issues French securities in the United States, and of the American investor who, if he is to continue to purchase such securities, desires above all things to see a France tranquil, industrious, prosperous—the old France that for generations we have been accustomed to look

**THE TOTAL** reparations to be paid by Germany is 132,000,000,000 gold marks, minus the amounts already credited on account of payments and deliveries of materials. The debt is divided into three series of bonds. Series "A" is for 12,000,000,000 gold marks, or \$3,000,000,000 at par of exchange, and will bear five per cent interest with one per cent for a sinking fund. Series "B" is for \$9,500,000,000, and bears the same interest. Series "C" bears no interest at present and is for \$20,500,000,000.

Series "A" and "B" are to be distributed to the Allied Governments in a ratio they have agreed upon, and Series "C" is to be held by the Reparations Commission for issue according to Germany's capacity to pay as determined from time to time by the commission. Payments by Germany are to be made, first, in a fixed annual sum of approximately half a billion dollars, and second in a variable sum amounting to 26 per cent of the value of German exports.

German exporters are to turn over to the German Government foreign bills amounting to the required percentage of the value of the exports, and the Government will pay these over to the Reparation Commission, reimbursing the exporters in German money. The plan does not contemplate that the exporters shall bear the tax, but merely that they shall supply the means of paying it. The German Treasury will have to reimburse itself by domestic taxation.

Premier Lloyd George, in describing the reparation terms in the House of Commons, said that the proceeds from the variable payments would not be sufficient in earlier years to meet the interest on all bonds, but the amount would increase as Germany's trade improved. Before the war German exports amounted to about \$2,500,000,000, and at the present time the same physical volume would amount to double that sum.

If exports amount to \$5,000,000,000 per year, the total available for payments, including the \$500,000,000 fixed sum would be about \$1,800,000,000, approximately 6 per cent on bonds of all three series.—THE EDITOR.

upon as the pattern of prudence and thrift. These classes of Americans all regard the London settlement, which Germany has accepted, as a triumph for France. They regard the plan, as finally evolved, as offering by far the best solution yet devised of this most difficult problem—how to make Germany pay, without laying such a heavy hand upon her economic resources as actually to diminish her capacity to pay.

"There has, of course, been expressed from time to time in America, as in England, the fear that too drastic military measures on the part of the Allies and too complete occupation of industrial areas in Germany, might so enfeeble the country as to make it very doubtful whether France would ever receive sufficient reparation to make substantial replacement of the terrible devastation which she has suffered. At the same time, there has been no lack of appreciation in America that France's idea was twofold and that her longing for security

was far ahead of her desire for reparation. But the talked-of occupation of the Ruhr was regarded in America with the same reluctance that it was in England. Americans feared that such an immediate step taken, without giving Germany one more chance to show good faith and an earnest intent to pay, would prolong the unsettlement that, for so many months, has kept Europe astir; would compel the wastage of funds that are so sorely needed for economic reconstruction.

"For all these reasons Americans, as well as British, regarded with the greatest satisfaction the prompt and unequivocal acceptance by the Germans of the London ultimatum. They felt that France had won not only a notable triumph, but had acted with commendable moderation and wisdom. They felt that by pursuing this course France had retained not only the good-will and friendship of America, which she is always bound to hold in full measure, but had, moreover (what is of equal importance at this moment), aroused the hearty commendation of that industrial and business America to which France looks for cooperation in her own economic recovery. For America there can be only one result of Germany's acceptance of the London plan. It will mean in the long run stimulus to manufacture, better markets for our farm products, sound and increasing prosperity in both domestic and foreign trade."

"Two great clouds had for months been hanging over the people of Europe. One of them was dispelled by the United States Government's announcement that

it intends to take part in the Allied Councils directed towards the restoration of peace. The French, British, Belgians, Italians, groping for the hidden paths of peace and tranquility, feared at one time that America would hold aloof and give neither counsel nor encouragement. But the President's fine declaration in his April message to Congress that 'helpfulness does not mean entanglement,' has ever since been viewed as a rainbow of hope after threatening storm. Then came Secretary Hughes' summary note to Germany declining to intervene in the reparation matters. The European statesmen with whom I have talked have been unstinted in their admiration of the substance and tenor of this note.

"The other cloud was dispelled when Germany accepted the ultimatum on reparations. A sane Germany could not do otherwise. For months—ever since the Treaty of Versailles was signed—Germany had been saying that she could not pay because she had



not wherewith to pay. She had complained bitterly that the Allied Powers made no thorough attempt to ascertain her capacity to pay, or, rather, her incapacity. Under the London plan, however, sure means are provided for informing the Allies week by week of Germany's capacity. If it falls below present estimates, the Allies will be the first, to their sorrow, to learn the fact. Upon them will rest the responsibility of determining the situation. They may be obliged to report to their governments that Germany is an orange squeezed dry. I do not believe it, but they may. At any rate, Germany, unless she is insane, will make every endeavor to meet her obligations squarely.

### The Effect of the Payments

PEOPLE frequently ask me what the effect of the German reparations payment will be upon American manufactures and exports. I can not answer that, and no one, except a soothsayer, is able to. But, in general, it is perfectly obvious that in order to meet her reparation payments Germany must speed up her manufactures and keep down her cost of production. Now on all those articles of manufacture in which Germany is a specialist, and in which we Americans are not experts, such increased efficiency on Germany's part will be of value, not only to her, but also to us, because those particular articles which we import from Germany we shall be able to secure at lower prices. On certain other articles of manufacture Germany's competition will undoubtedly prove severe. They will beat us out in certain directions just as America's manufactures beat out the world in many other directions. But what is there to repine over in that fact? Certainly we do not want the whole of the world's trade. Live and let live is the only decent motto to follow.

"In this country there has been altogether too much of a disposition to believe our goal must be to sell everything and buy nothing. It is a very stale thing to say, but certainly if we are to be a world force, we must learn the lesson that we must be buyers as well as sellers, upon a grand scale. If the present unwieldy trade balance in our favor were to continue indefinitely we should be very badly off. In line with this idea we must remember that we don't get very far if, in all the foreign loans that we make, we specify that the borrower shall spend in this country the very particular dollars that he borrowed. To tie down the borrower in that way will be, not to help, but to injure ourselves. It must be obvious after a little thought that with the world's balance of trade so heavily in our favor today, all the dollars that we lent abroad will, whether we specify it or not, come to be spent in this country. Therefore, to specify that any particular European borrower shall spend the proceeds of his borrowing in this country in purchasing some commodity that he can buy more cheaply elsewhere, is short-sighted and foolish. On the contrary, if we let that borrower buy in the markets of the world where he can buy cheapest, the people from whom he buys are certain to turn around and expend the proceeds of his purchases in America; spending those proceeds in order to pay for commodities which

America, in turn, can furnish more cheaply than any other country."

### Sea Terms Ashore

IN A recent issue of THE NATION'S BUSINESS there was printed a glossary of ship terms, in connection with which attention was called to the difference in the meaning of these terms at sea and on shore. In this issue it may be profitable, at least interesting, to point out a few instances in which sea terms have found lodgment in the vernacular of landmen.

When Grandpa and Grandma sit down in the evening to a quiet game of euchre, and Grandma plays her right bower against the left bower of Grandpa, neither the one in her triumph, nor the other in his chagrin, will realize that the names of these fateful cards were derived from the starboard and port bow anchors of sailing ships which were called "bowers," the starboard being the "right bower" and the port, or larboard, the "left bower."

When a man says that he is going to carry a thing through to the "bitter end," he unconsciously harkens back to those remote days when anchor cables were made of hemp. When the anchor was overboard the cable was made fast to bitts, and that part of the cable between the bow of the ship and the bitts was called the "bitted," and, as often, the "bitter end."

In years gone by, when ships were comparatively small and docks and marine railways none too common, if repairs were to be made to a ship's bottom she would be heeled over by tackle fastened to the masthead, that is careened, or she would be put on the beach at high water and there careened. Therefore, in days that are becoming a memory, when men sometimes looked long upon the wine when it was red and after-

ward walked unsteadily, they were referred to as "careening down the street."

If a vessel is unfortunate enough to go ashore or on the strand, she becomes "stranded." To know the derivation of the term that describes his condition may be a consolation to the next who suffers this fate.

When subjected to an unexpected turn in his affairs, or even his thoughts, the individual is "taken aback." The same thing happens to a square rigger when faulty helmsmanship, or a sudden shift of wind, causes the wind to blow against the forward side of the sails and brings the vessel up "all-standing." Serious consequences sometimes arise from this situation, and to save it recourse is had to the braces, or ropes, to brace up, or haul the yards and sails to a sharper angle, so that the wind will again blow against the side of the sails and send the vessel on her way to safe haven. From this operation comes "brace up," fairly good advice on many occasions.

When a lawyer is not making much headway in examining a witness along a certain line he "tries another tack." This is precisely what a sailing vessel does in beating or tacking against the wind. It tries first one tack and then another.

"Country bumpkin" is, of course, a term of country origin. But is it? On board ship many, many years ago, various thick, heavy pieces of wood, and sometimes spars, adapted to a special purpose, began to be called "bumpkin."

An idle, improvident man may be called a "waster." Beginning with remote times the old, the incapable, and the inexperienced sailors, who were unfit to be sent aloft, were stationed on deck in the "waist" or middle to manage the running rigging. They were called "waisters," meaning also idlers, and when the term got ashore it became "wasters."

When two blocks are pulled together, so that they are no longer effective in hoisting or pulling anything, on shipboard they are "chock-a-block." So also is the hold of a ship when it is so full it can receive no further cargo.

Of course the derivation of "the Ship of State" guided by a capable statesman "at the helm" needs no explanation.

Wherever it grows boys are familiar with cattail, or cat-o-nine-tails. The inner part of a cathead on board ship always has been called the "cat-tail," and in the old days at sea, when flogging of seamen, especially in the navy, was a common form of punishment, a rope end unbraid and each end of the nine braids made into a knot, was the instrument of flagellation. This was the cat-o-nine-tails of the sea, and was so called.

Where a boat ports its moorings or fasts it goes adrift, as does many a man "on the sea of life."

A boom is used to extend the foot of a sail, and when a town is extending itself it is "enjoying a boom."

Broadside is the whole side of a vessel, and a full-page advertisement in a newspaper is likewise "a broadside."

Bunt is the middle of a sail. Every "fan" knows what a "bunt" is in a game of baseball. It is generally not a bunt if the ball goes beyond the middle of the diamond.

And so one might go on giving examples of words and terms that originated on the sea and sailed ashore to enrich the vocabulary of landmen.



From a drawing by Jones



# Are the Carriers Doing their Part?

Business men all over the country are asking what the railroads are doing to reduce their transportation costs; here is the answer from one of their officials

By DANIEL WILLARD

*President, Baltimore and Ohio Railroad Company*

SINCE the return of the railways of this country to private ownership and operation, they have made large economies, and are continuing to make them. Certain other savings, which would require greater capital investments than are available at this time, are impracticable for the present; and I have been asked by THE NATION'S BUSINESS to indicate the direction in which economies are being practiced, and to tell why certain improvements in plant and rolling stock, however desirable, cannot be undertaken now.

American railways generally are buying their material and supplies from hand to mouth. The high price levels now prevailing make it more economical to follow this course than to buy in quantities. They are reducing coal consumption wherever practicable; they are reclaiming scrap material to an increasing extent, they are inviting and obtaining the cooperation of shippers so as to reduce loss and damage claims, and they are increasing whenever possible the average freight tonnage per car, the average movement of cars, and the average number of cars per train. Some of them, in more sparsely settled areas, are discontinuing temporarily unprofitable stations and unnecessary passenger trains.

## Cutting Fuel Costs

IN the economy of fuel, for instance, modern devices are being installed in large locomotives which increase their power in proportion to the coal consumed. There are about 65,000 locomotives in the United States, and during the last ten years, since the devices in mind were developed, about 35,000 locomotives have been equipped with superheaters, 43,000 with brick arches, 37,000 with automatic fire doors, and 15,000 with power reverse gears. On the Baltimore & Ohio Railroad all new locomotives of the Mikado and Mallet type are equipped with superheaters. It has been estimated that at 200 degrees superheat a saving of upwards of 20 per cent in fuel is thus effected. When it is remembered that the railways use about one fourth to one-third of the coal mined in this country, the importance of the saving made in this way can be appreciated.

No new material is being purchased by the Baltimore & Ohio Company if it is possible to make use instead of material salvaged from the scrap heap. We have seventy-nine reclamation plants, one with every repair plant, and if scrap material can be repaired at a saving over the purchase price of new material it is done. When this is impossible it is sold as junk. Substantial savings have been made in this connection.

Within the space assigned to me it is impossible to present the affirmative side of railroad economies in such detail as it merits. I may say as a general proposition that the companies are working steadily for increased efficiency in operation and for greater economy. I raise no issue, however, with the

AT A RECENT Senate committee hearing, Mr. Willard was asked about the charge that the cost of shipping a barrel of apples a hundred miles to Washington was greater than the cost of the fruit in the orchard.

"I think that might be true," Mr. Willard said, "I think the service of the railroad is rather more than the service of the tree or the picking of the apples." Which appears logical enough when you look at it from the railroad man's viewpoint.

It has become the fashion of late for everyone to point out economies to railway officials. The assumption seems to be that the roads are doing little or nothing for themselves. Mr. Willard tells here what the carriers are accomplishing and what they hope to accomplish.—THE EDITOR.

proposition that there are possibilities of still further savings on the part of the railroads. If a condition could be conceived of wherein the railroads had available all the money that was necessary—first, to provide safe and regular transportation as demanded by their patrons; second, to provide a constantly increasing carrying capacity to take care of the growing business of the country, and in addition thereto a sufficient sum to replace all facilities with modern and more efficient facilities wherever it was shown that by so doing economies could be effected—if such a condition could be conceived of, there would perhaps be no real excuse for the railway managers if they failed to effect additional economies.

It is highly desirable that all preventable wastes should be avoided in every line of human endeavor, in case, of course, the cost of prevention does not exceed the value of the saving. At the hearings held by the Senate Interstate Commerce Committee I compared the situation of the railroads with that of the farmers, who, if they were to raise their business to the highest point of efficiency and equipment, could, so we are told, make vast savings. There are in round numbers 6,500,000 farms in the United States, and it has been estimated that the annual losses from rodent pests sustained by the farmers in the United States amount to fully \$300,000,000 per year, and in addition to this, it is claimed by the manufacturers of steel storage bins that the yearly loss by American farmers is over \$200,000,000 through improper storage of grain on the farms. No doubt very large savings in this respect could also be accomplished by a greater and more effective use of carnivorous animals trained to capture or kill the destroying rodents, but in spite of improved bins and other suggested methods, the wastes, we are advised, continue to go on.

There are roundly in the United States, as reported in the latest official circulars, 23,000,000 milk cows. It is a safe estimate that if they were all thoroughbreds the entire herd would have an enduring value of at least \$10.00 per animal in excess of the

present valuation, which is stated at approximately \$65.00 per head. An increase in the value of milk cows on all the farms in the United States of as much as \$10.00 per head would mean over \$230,000,000 enhanced value, and this would be a continuing value from year to year and would be reflected in large economies, not here enumerated.

As a matter of fact, we know very well the difficulties with which the average farmer has to contend, and upon the whole I believe it is only just to say that if they have not availed themselves as a class of the opportunities that have so frequently been pointed out to them by economists, writers in the rural papers, Chautauqua speakers, and others, it has not been, I am certain, because of indifference on their part, but is due rather to controlling influences of a very human character, which they have been obliged to take into account in their own domestic economy.

The railroads have probably accomplished more in the way of possible savings and economies in connection with their operations than is the case with the average farmer, and it is due largely, in my opinion, to the fact that the railroads have been obliged by force of circumstances to give more careful thought to methods of economy than has usually been the case with the men actually engaged in agriculture.

Possibly a brief reference to the practice of the Baltimore & Ohio Company in this particular during the last ten or twelve years may throw additional light upon the problem.

Since July 1, 1910, and up to December 31, 1920, the Baltimore & Ohio Company has spent for additions and betterments to its property more than \$197,000,000. Of this amount \$98,000,000 roundly were spent for new equipment, and a substantially equal amount for new construction and additional facilities.

## The Need of New Equipment

DURING the year ended June 30, 1910, the Baltimore & Ohio Company carried 13,870,883,868 ton miles. During the year ended December 31, 1920, the same property carried 21,661,448,095 ton miles, an increase of 56.2 per cent, and in spite of the large capital expenditures and the resultant increase of facilities, the Baltimore & Ohio Company was unable during the last fiscal year to carry currently all of the business which it was offered. It could not, in short, perform the service demanded of it as a common carrier. It is clear, therefore, that it has not increased its facilities beyond the reasonable requirements of its patrons. The expenditure of new capital by the Baltimore & Ohio Company during the period mentioned, as I have stated, was approximately \$18,000,000 per annum, about one-half of which was spent for locomotives and for freight and passenger equipment.

All of the officers of the company familiar with the subject, from the President down,



have given careful thought to the design and suitability of cars and engines whenever new purchases were being considered, and it is believed that the equipment purchased during the period mentioned was in accord with the best practice of the period when the purchase was made. In order, however, to operate the new and heavier cars and engines, it was necessary during the period under consideration for the Baltimore & Ohio Company to spend more than \$10,000,000 strengthening and rebuilding bridges and culverts, so that they might safely carry the heavier load.

### One Dilemma

IT WOULD appear upon investigation that if the Baltimore & Ohio Company could have arranged to handle its entire freight business over all suitable divisions of the line with engines of the Mallet or Mikado type—these engines being of the most improved pattern for heavy freight service—it would have been possible for the Baltimore and Ohio so equipped to handle all the business it actually did handle last year with a saving of 10,000,000 freight train miles, and it may be roughly estimated that the saving so effected would have been at least \$10,000,000. Thirty-six hundred fewer train and engine men than actually were employed would have been sufficient to perform the service, but in order to procure the necessary heavier engines and to equip the road generally for their safe operation, would have required a capital expenditure estimated at approximately \$165,000,000, almost as much, in fact, as the company spent for all improvements, additions, betterments, and equipment during the last eleven years, and even after this great additional expenditure had been made the company would not have been able on that account to handle a very much larger volume of business than actually was handled.

Certainly the increased carrying capacity resulting from an expenditure of that character would have been relatively insignificant. It is true that the company would have been able to handle the same volume of business at a much less expenditure of money, but would it have been wise to have expended so large a sum, assuming such a sum were available, simply for the purpose of performing substantially the same service at a lower cost and ignore the constant demands of the public for increased transportation facilities?

A case in point will make clear the dilemma which confronts many railroads at this time: We move a considerable amount of coal from the Sandy Valley region in Kentucky to Cleveland. The economical way to move it is over the river grade via Parkersburg to Wheeling and thence over a very moderate grade to Cleveland.

But at Point Pleasant there is a bridge over the Kanawha River, and at Parkersburg there is another bridge. These structures were put up before the day of the Mikado and Mallet engines, and to make them capable of sustaining the greater loads which are moved nowadays would require an expenditure in each case of \$2,000,000. As a result we must move the coal by a

round-about way over a much heavier grade, at considerably greater cost of operation, until funds are available for rebuilding the two bridges above mentioned.

Our roundhouses on many portions of the line, in fact, are not large enough to ac-

commodate engines of the Mikado and Mallet types. Our turntables are not large enough for them. Before we can put modern engines onto such parts of the Baltimore & Ohio system there must be large capital expenditures in modifying and remodeling the plant, and the funds for these changes are not now available. Such funds as are available can be spent to better public advantage in other directions.

Another case in point: If the Baltimore & Ohio Company were to dismantle such of its repair shops as are not completely modern and replace them with new structures equipped with modern tools and facilities at an expenditure estimated roughly at \$6,000,000, it would be able to save about \$1,250,000 a year in connection with the repairs to its locomotives.

As a matter of fact, the chief executive of the company has been urged on frequent occasions to authorize large expenditures for shops and shop facilities in order that the engines might be repaired more economically, and on one particular occasion the question presented itself as follows:

It is desirable at this time to spend for new shops \$2,000,000, which sum is available and which expenditure, if made, would enable the company to repair its locomotives at a lesser cost, or should the money be used for the purchase of new steel coaches which will mean no economy in operation, but on the contrary mean an increased cost of transportation because of the greater weight of steel equipment as compared with equipment of wooden construction? It was decided that

the public in this particular instance would be better served by spending the money available for steel coaches rather than for new shops, inasmuch as it was possible to maintain the power in the existing shops, although at a somewhat higher cost.

I do not wish to appear as in any sense minimizing the economies that may be possible in railway operation, nor do I wish to be understood as saying or believing that there are not substantial economies to be made without the expenditure of excessively large capital sums. On the contrary, I believe there are many things that can be done; changes made in operation, in methods of maintenance, in care of materials, etc., which will mean constant and increasing economies. What I do mean to say is that I believe the railway managers are not unmindful of the possibilities of the situation.

Moreover, it is a fact that the railroads of this country moved last year twenty-five million passenger train miles, and fifty-three million ton miles, more than the Director General of Railroads moved the year before, with practically the same facilities. This, I take it, may be regarded as evidence of efficiency in operation. We did more business than was ever done with the same facilities over the same period of time in any form of control. I have never seen the men do better railroading than they are doing today, never before in my experience of forty years.

Private ownership and operation of railways is on trial in this country. It would seem at present that the weight of public opinion favors it, but public opinion is subject to sudden change, and I have no doubt that it would change in this case if the public felt that more satisfactory transportation service could be obtained in some other way than through private ownership. If the railway managers give such service as will entitle them to public approbation, there is no doubt in my mind that they will win, and that private ownership will be continued. Certainly economies resulting from good practice should be encouraged, and not only encouraged, but insisted upon in the public interest.

### Mailing Anything to France?

IT IS stale news that it takes a five-cent stamp to carry a letter to France, for example, but some of our compatriots still continue to insist upon using a two-cent stamp.

Letters containing articles which are dutiable under the French tariff too frequently lack compliance with the French regulations. A sealed envelope or package containing articles which are dutiable and going to France can be admitted only if an authorization for its dispatch has earlier been obtained from the French authorities. A special green label is to go onto such an envelope or package. If the envelope or package is unsealed and contains dutiable articles, it likewise has to bear a green label indicating that its contents are to be submitted to the customs or other proper tax authorities. Heavy fines are being levied in France for deviations from the rules.



There are about 65,000 locomotives in this country. Due largely to their hungry fire boxes, the railroads consume from one-fourth to one-third of the coal mined in the United States. The high cost of keeping steam up is one expense that the roads are gradually reducing.



# Listening in on Congress

Wit and fancy rescued from the oblivion of the "Congressional Record" and presented here as an intimate picture of our lawmakers as they struggle to get the will of the people on the statute books

CONGRESS has been much vexed with questions of quorums, but only lately has the Speaker been called on to decide whether a quorum was necessary to hear a prayer.

The Hon. Jim McClintic, of Oklahoma, raised the question. Mr. McClintic—he calls himself "Jim"—feels, earnestly feels, that Congressmen ought to earn their salaries and that one way to earn them is by attendance even when the Chaplain prays.

It happened like this:

The House met at 12 o'clock noon.

The SPEAKER. The House will be in order.

MR. MCCLINTIC. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The gentleman from Oklahoma makes the point that there is no quorum present.

MR. WATSON. I make the point of order that the calling of the roll at this time is not in accordance with the rules of the House. When the lack of a quorum is disclosed, as in this case, the speaker will send the sergeant at arms to arrest members and bring them into the House, for example—forcing a Quaker Member to be present, to make a quorum for a religious exercise, when his creed is opposed to "hiring ministry," which under its discipline would cause "disownment"; also compelling a Jew to listen to the prayer of a Gentile—also a Roman Catholic to that of a Protestant. I claim under the Constitution of the United States to call a quorum at this juncture of the proceedings is not in accordance with Article I of the Constitution or article 1 of the Rules of this House.

The SPEAKER. The chair is disposed to sustain the point of order of the gentleman from Oklahoma.

MR. BLANTON (of Texas). The gentleman from Pennsylvania is out of order, for the reason that in a Christian nation such as ours the prayer is just as much a part of the proceedings as any other business.

The SPEAKER. The gentleman is out of order. The Chair sustains the point of order.

But the House was not through with Mr. McClintic. The Army Appropriations Bill was nominally in the center of the stage when Mr. Madden, of Illinois, arose.

MR. MADDEN. Mr. Chairman and gentlemen, I take the time of the committee to read a letter which I think will be of interest, inasmuch as the writer of the letter has been taking the time of the House and wasting time in demanding roll calls at a cost of about \$20,000 a day by the delay that is caused in the transaction of the public business. This letter is dated March 3, 1915, and is as follows:

MY DEAR CONGRESSMAN: My name is JIM MCCLINTIC; I am 6 feet tall, and weigh 180 pounds. I come from a new "simon pure" agricultural



Photo by Harris & Ewing

The horse block, in front of the State, War and Navy Building, Washington.

district out in Oklahoma, better known as the short-grass country, that has not participated in the free distribution of seeds, yearbooks, or any of the gratuitous commodities furnished by the Government. I am anxious to start something down in my district to let them know I am here, and thinking that probably some of the Members would have something of this kind left over, I am respectfully asking if you should have anything in this line that you could share with me that the kindness would be greatly appreciated, and next year, when I receive my allotment, I shall be mighty glad to reciprocate.

I have prepared a form for transfer, and if you have anything you can let me have, please sign and mail to me, care House Office Building.

Very sincerely, yours,

JIM MCCLINTIC.

Now, it seems to me, Mr. Chairman and gentlemen of the committee, that the gentleman who has been participating in all these gratuitous things to which he calls attention in his letter of March 3, 1915, ought not to be wasting the time of the House in demanding quorums, making points of order, and preventing the transaction of the public business. I want to call the attention of the committee and of the House and of the country to the fact that the gentleman from Oklahoma, although he does weigh 180 pounds and is 6 feet tall, ought not to be permitted to continue to obstruct the public business to the extent that he has been doing in the last four or five days. [Applause.]

MR. MCCLINTIC. Mr. Chairman, I realize that I have no right to answer—

And he hadn't then, for Congressman Kahn went right on talking about the Army.

But Mr. Madden didn't entirely escape. Later the gentleman from Oklahoma got his chance and this is what he said:

MR. MCCLINTIC. Mr. Chairman and gentlemen of the committee, the gentleman, Mr. MADDEN, from Chicago, a city known far and wide as the headquarters of the packing industry, has stood on the floor this morning and attempted to criticize me for writing a letter some six years since in which I asked for certain help from the members of this body in order to take care of my constituents. Any member who will stand on this floor and refer to the illustrious general, Robert E. Lee, and call him a traitor can never hurt my feelings or insult me. I do not intend to attack him. I knew a man who once kicked a polecat, and he was mused up so that he could not enter decent society for many weeks thereafter.

And the Speaker has since decided that the chaplain may pray without a quorum and Mr. McClintic got one less chance to demand a quorum.

## The Greater Glory of Chewing Gum

AWAY with personalities! More serious things engage us. No twentieth amendment threatens chewing gum nor will one if Senator Sherman of Illinois is on hand to prevent it. He is speaking for the packers bill, but where shall one find pepsin without pigs and pigs without packers?

MR. SHERMAN. What under heaven would the gum chewers do if pepsin could not be furnished now in commercial form? It gives us an excuse to chew for the stomach's sake, as wine was advised by Paul to Timothy. Chewing gum never could have reached its present magnitude if it had not been for the pepsin taken from the packing plants of the country. The confirmed dyspeptic chews pepsin gum. No hurtful results follow. It is not like other bad habits. He has some excuse for it. It produces no rosy blush upon any of his features, and no chronic habit results except the working of the jaws, and that probably is a blessing, for while we are working that way we are not working them some other way to the detriment of our neighbors. So out of that seemingly humble thing, a matter of criticism here, has come a great industry. It is a safety valve for the nervous and a minor activity to us all when under strain.

## What's a Tobacco Fiend?

IT'S a short step from gum to tobacco. The Senate is confronted with a resolution to forbid smoking in the executive departments. Mr. Smith, of Arizona, regards it as "the entering wedge of a most contemptible and restraining blue law," and explains:

We find offered in the Senate of the United States an amendment, advocated by alleged statesmen, that he must not only stop his habit of taking stimulus in the way of drinks of any kind, but we are going to fix him ready with wings of heaven



by putting on him another embargo in the shape of a provision that he shall not have even the consolation of a cigar after a day of hard work.

I have tried many a time to stop the use of tobacco. I have found, as far as my health or my happiness is concerned, that it was an impossibility with me. Under this amendment the Senators could go through the corridors and smoke, but they would now say to a Secretary of State or Attorney General or Secretary of Labor who likes his cigar that he must carry on the multifarious and responsible duties of that great office without the consolation of a cigar, and if you agree to that amendment to stop smoking, pushed by men who never smoked in their lives, you will drive out of the departments for hours in the day every responsible head.

Mr. President, I would be probably less affected by it than any man in this body, but I protest against an effort to raise the great American boy of the future under a glass globe, as you would protect the delicate tints of a frail flower, not letting the winds of heaven visit his damask cheek too roughly. You will thus raise a generation of dudes and nincompoops.

Mr. TRAMMELL of Florida. The average young woman who works in the department is not accustomed to have a cigarette or pipe fiend sitting next to her elbow blowing the fumes of his old pipe or old cigarette into her nostrils.

Mr. SMITH. Does the Senator denounce a man as a fiend because he smokes?

Mr. TRAMMELL. No, I do not; but if he cannot go into his office and work for an hour or two without constantly smoking he is a slave to the habit.

Mr. SMITH. Does the Senator smoke?

Mr. TRAMMELL. Certainly I smoke. I say I smoke.

Mr. SMITH of Arizona. Then the Senator is a fiend.

Mr. TRAMMELL. I am not such a smoker that I can not do without it during business hours, nor have I a fight to make with the man who smokes.

Mr. SMITH. The Senator is a fiend if he smokes.

### Captious Criticism of the Shipping Board

DISCUSSING a deficiency appropriation for the Shipping Board, Mr. Kenyon, of Iowa, descends to trivialities:

Mr. KENYON. I meant as far as they are concerned. The Government is paying for these things.

I have here copies of some telegrams sent out by various gentlemen connected with the Shipping Board. I will not use their names, but I should like to see them in the investigation.

Here is a telegram, for instance, sent to some young lady down in Virginia:

Can not get down until Tuesday morning, Hotel Fairfax, 8.30.

That little message cost the Government only 25 cents. I do not know what it cost otherwise.

Here is another one:

Children go off Friday 3 o'clock. Dr. So-and-So. Shall follow Saturday unless I stop at Joplin.

That cost 25 cents.

Here is another one charged to the Government:

Please mail three blank checks to Shoreham Hotel. Missed Norfolk boat. Go down Friday night.

Here is another one, advising some lady of traveling down another evening.

Mr. BORAH. Read it.

Mr. KENYON. I think I will not read that one.

Here is another mighty message, sent at the expense of the Government:

Leave door open. Will be home about midnight-to-night. (Signed) Ed.

Mr. McCORMICK. Where is that from, Mr. President?

Mr. KENYON. It is charged to the United States Shipping Board. These gentlemen are interested, some of them, not only in leaving the door open but in leaving the door open to the Federal Treasury.

These are small matters, of course.

Mr. SMITH. That telegram is from where to where?

Mr. KENYON. The Senator can take it and see.

Here is another one, charged up to the Government, from the United States Shipping Board, Princeton, N. J., to New York:

Very sorry, but oversold for Yale game.

The Government is apparently paying for messages to secure tickets for football games!

### As to What Makes a Bolshevik

THE House of Representatives has before it a bill to regulate future trading in grain. The Hon. Meyer London (Socialist, New York) is discussing the lack of knowledge of the extent of unemployment when the Hon. Tom Connally (Democrat, Texas) interrupts with the time-honored question: "If you did know what would you do about it?"

Mr. LONDON. I hope the gentleman will not interrupt. I have to develop my subject connectedly. You must know the subject. My complaint is that most of you do not know and most of you do not care to know. The great labor problem is something which completely escapes your attention. You content yourselves with denouncing those who desire a change. The present method is to denounce every suggestion of a new thought as bolshevism. A man who eats fried eggs with a spoon is a bolshevist.

### As to Making Relativity Relevant

IT IS impossible to escape Einstein, not even the House of Representatives can escape him. As for the *Congressional Record* nothing escapes it. Listen:

Mr. KINDRED, of New York. Mr. Speaker, if it is not too late to ask unanimous consent, I would like to ask such consent to extend my remarks in the *Record* on the nonpolitical subject of the Einstein theory of relativity.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the *Record* on the theory of relativity. Is there objection?

Mr. WALSH, of Massachusetts. Well, Mr. Speaker, reserving the right to object, ordinarily we confine matters that are to appear in the *Record* to things that one of average intelligence can understand. Does the gentleman expect to get the subject in such shape that we can understand the theory?

Mr. KINDRED. I will say to the gentleman that I have been laboring earnestly with this theory for three weeks, and am beginning to see some light.

Mr. WALSH. What legislation will it bear upon?

Mr. KINDRED. It may bear upon the legislation of the future as to its general relations with the cosmos.

Mr. WALSH. I dislike very much to object.

Mr. KINDRED. I trust the gentleman will withhold an objection. If I can satisfy the gentleman in any other direction and apply it to the relativity of the political parties, I shall also make that request.

Mr. WALSH. Oh well, with that qualification I will not object.

Mr. LONGWORTH, of Ohio. The gentleman might save that for his speech on the tariff.

Mr. KINDRED. I accept the suggestion.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

### It Might Help

MR. MOORE, of Virginia, sets forth the need of codifying the laws and has also a suggestion as to lessening their number:

One of the most marked tendencies in Government in the last few hundred years has been the rapid enlargement of statute law. A long time ago at one session of the English Parlia-

ment only one statute was passed. In this country the first Congress enacted only 94 statutes, whereas in the last Congress there were introduced in the Senate and the House a total of 21,967 bills and joint resolutions, and 594 statutes were enacted.

We can not undertake to check ourselves, as one of the Greek assemblies did. The Locrians in their assembly had a rule providing that when a member of the assembly introduced a bill a rope should be put around his neck, with the prospect of capital punishment being at once applied in the event of the bill being defeated. Some gentlemen nod their assent to the intimation that such a rule would serve a good purpose here. One gentleman now in my eye, who seems to entertain that view, I have no doubt would be very soon strung up if that were our practice.

### A Douglas Fairbanks of Farming

WE CANNOT pass by without a brief mention of one hero of the Government service, the Department of Agriculture's moving picture man, for whom Senator Calder of New York pleads successfully for higher pay:

Mr. CALDER. I will say to the Senate that there is no more efficient man in the Government employ than this man. Last year he was borrowed by the Navy Department to take overhead pictures from aircraft of the fleet in the Chesapeake. The plane from which he was taking pictures fell, and he was nearly killed, and was laid up for three months in the hospital. Subsequently, when he recovered his health, he was sent to Minneapolis to take pictures in flour mills there for the Department of Agriculture. There, again, through an explosion, he was very nearly killed.

I say to the Senate that if they fail to increase his pay in all probability they will lose him.

### The Knell of the Boll Weevil

MR. WHITE, of Kansas, is a farmer. Let him introduce himself:

Mr. WHITE of Kansas. I am a farmer, probably the only real practical farmer in this Congress.

SEVERAL MEMBERS. Oh, no!

Mr. WHITE. I think so. I believe I look it. I told men here that I was a farmer when I came here, and they said they knew that when they looked me over.

Who then is better fitted than Mr. White of Kansas to sing the activities of the Department of Agriculture:

I am in favor of this bill. I am going to vote for it. I do not think it is entirely useless. I am in favor of getting the chinch bug, the boll weevil, the blight, and the rust if it can be done. I do not know how much progress has been made in that direction. Very little, I think. Yet I am for it.

We will swat the fly in his good right eye;  
We will sing the chinch bug's knell,  
And punch a hole in the wicked boll  
And send the blight to—destruction.

### The Senate Chautauqua

IT HAS been said of Daniel Willard, of the B. & O., that he was one railroad president who had operations at the end of his tongue and not at the end of a buzzer.

Mr. Willard, before the Senate Interstate Commerce Committee, mentions the opportunities for saving "so frequently pointed out by economists, writers in the rural papers, Chautauqua speakers, and others."

SENATOR POMERENE. Mr. Willard, do you mean by this reference to Chautauqua speakers to suggest that this committee ought to call them before it?

Mr. WILLARD. I thought the statement was clear, but I am sure I did not use it in that sense.

THE CHAIRMAN. We will have them, though. I have already made arrangement.

SENATOR SMITH. We already have them on the floor of the Senate. We don't care for them in the committee room.



# Paying Prosperity's Debts

It's human to run up bills in good times and that's what the country did; now we're all meeting obligations under pressure. High food prices a greater menace than low

By **GEORGE E. ROBERTS**

*Vice-President, The National City Bank*

**T**WICE in my life I have seen the standard of value nearly overthrown by the people of this country under the pressure of low prices and hard times. When I first began to take an interest in political questions the uppermost issue was the resumption of specie payments, the question of whether our paper money put into circulation during the Civil War, and which had become sadly depreciated, should be redeemed and brought to par with gold. The currency had been inflated, prices had been inflated, debts had been created, and finally the boom had collapsed, and the situation looked black enough.

I remember those years of stagnation and depression very well. I saw corn sold for 12½ cents a bushel and burned for fuel. People said that Wall Street and Lombard Street had done it all, in a conspiracy to oppress the people. It was said that prices never would come back and that the country never would know prosperity again, unless the resumption act was repealed. All sorts of persuasive and confusing arguments were made for its repeal and in favor of marking down the value of the Greenbacks or repudiating them. Fortunately, the people stood by their faith and by the lessons of monetary science; the country met every war-time obligation to the letter, with the result that it came out of depression into prosperity.

## A Second Test

**A**BOUT twenty years later we were put to the test again. Again we passed through a period of reaction and hard times. Again it was said that Wall Street and the money power had plotted for the ruin of the country. Nothing could restore prosperity, the people never would be able to pay their debts, never see fair prices again, without the free coinage of silver dollars at 16 to 1. All the arguments of the Greenback campaigns were revived, and made to do duty over again. But, fortunately, the people once more stood by the faith, and before another Presidential election came around the silver issue had disappeared completely, and the country had entered upon the greatest period of prosperity it ever had known.

Each time, after the menace was past, subsequent events proved that it was right to stand by the established monetary policy of the country, and not to overturn the standard of value in order to mitigate temporary conditions.

Now, again, we have many of the conditions which brought on the Greenback and Free Silver Campaigns. We had a great inflation of credit during the war and for nearly two years following the war, and then came a collapse and fall of prices which always comes. And people have been saying what they have always said under the same conditions, that Wall Street or somebody is responsible for it. The situation that exists today is a part of the cost of the war. It

is just what should have been expected. We had no right to suppose that we could spend \$30,000,000,000 upon a war and never miss it.

If a family living in a somewhat independent position, as on a farm, should suffer from a disaster that would sweep away a large part of its ready capital, that family, if it was of the thrifty American type, would know precisely what it would have to do to get back into a prosperous state again. It would have to get up early in the morning and work late and hard, and produce, economize, and save until it restored and made good of what was lost.

And it is just the same with a nation, but unfortunately it is not so easy for the people to understand that the same principles govern society as a whole as govern individuals.

I was in Iowa just two years ago when the land boom was on there. I made some comments upon it at the time that were not cordially received. They intimated I didn't know real values when I saw them.

I made a speech out there in the month of June, 1919, just two years ago, to the Iowa Bankers' Association, and I quote just one paragraph from it:

I believe that the banker can render no better service to the farmer than by advising him to use the proceeds of these high prices to pay off his debts. It is a singular fact that people commonly go into debt in good times and pay their debts under pressure in bad times.

That was advice from Wall Street two years ago.

In June, 1919, when that speech was made, the loans of the Federal Reserve Bank in Iowa were \$12,000,000. The war was over and the last war loan had been raised. A good crop was raised in Iowa in 1919, and prices continued generally good until the fall of 1920. There was more than a year of good times in which to pay off that \$12,000,000, but when the break came the State of Iowa owed the Federal Reserve Bank of Chicago, not \$12,000,000, but \$91,000,000.

I suppose there are people who think that Wall Street was responsible for that, but I don't accuse the people of Iowa of thinking so. I give them credit for too much sense for that. The people of Iowa did just what every other people have done under the stimulus of booming times. They saw people about them apparently making money by going into debt. They thought they were entitled to credit and proceeded to use it.

If anybody could have known at the beginning of 1915 the amount of money the farmers of Iowa would receive for their crops in the next five years, and did not know history or human nature, he probably would

have said that by 1920 all would be out of debt. But that is not what happened or ever happens.

The same thing might have been said of Cuba in 1915. They had a riot of prosperity in Cuba for five years, and then they had to declare a moratorium, suspending the collection of debts, in order to save the credit structure from total collapse.

## An Illusion About Prices

**T**HERE is an illusion about rising prices that is very deceptive. People lose sight of all the signs and standards by which their judgment is ordinarily guided. It is true that people seldom use the earnings of good times to pay their debts; they use them as the basis for further borrowing. The average man in good times doesn't like to use money for any such inconsequential purpose as paying debts, when so many opportunities for making money are in sight. They don't know where to stop. The situation reminds me of a story that Mr. Bryan used to tell about a man who was addicted to drink. A friend was expostulating with him, and said: "Now, John, you know your weakness; you know you are likely to take too much. Why don't you, when you know you have had enough and are asked to drink more, ask for something that is not intoxicating—ask for sarsaparilla." "Well," said John, "That sounds well enough, but when I get that far along I can't say sarsaparilla."

The trouble is that people do not understand the danger of increasing indebtedness on a high level of prices. Most of us are like Mark Twain, who, in taking out a life insurance policy, solemnly remarked that he wanted all his debts paid after he was dead.

I have not quoted my prediction of two years because I made it, but only to show that such predictions were made. They were made by many people. Nobody knew when the collapse was coming, but nearly everybody believed that it was coming sooner or later. Everybody of sober judgment, everybody who understands the fundamental principles that underlie all things, the law of cause and effect, and of action and reaction, knows that that period of inflation, or war-waste and extravagance, could not give sound and enduring prosperity.

A lot of hard-headed people know it instinctively. I read an editorial in *Wallace's Farmer*, a short time ago, in which the writer said:

In spite of this temporarily bad situation, so far as the average Iowa farmer is concerned, there are thousands of farmers who own their own farms and who saved their money during the war, who are better off than they have ever been. These men are of the sort who move in the opposite direction from the crowd.

That is absolutely true, and it is well to have it said. The present situation is a result of wholesale violation of economic law, beginning with the war. Nobody planned it or could have prevented





it, but thousands of careful people have passed through it practically unharmed by simply going on in their regular course, living as usual, paying for what they bought, and practicing economy as all the world ought to do after the frightful wastes of war.

This situation will right itself just as every other like situation has done. When it has cleared up it will be found that the fundamental conditions which for years before the war had been affecting agriculture, and steadily improving the position of the American farmer, are unchanged. In the long run, and in the interest of society, I am more afraid of high prices for farm products than of low prices. The population of the world is steadily increasing, and the best and most available lands of this continent and of all continents are occupied. When my father was a young man there were about 17,000,000 people in the United States, and my children, if they live the normal term, will see 200,000,000 people here. There were about 175,000,000 people in all Europe at the end of the wars with Napoleon, and there are about 450,000,000 people there now.

Times were very hard in Europe at the end of the wars with Napoleon, and Europe was thought to be overpopulated then. It is a little over 100 years ago that Malthus wrote his noted essay upon population, in which he laid down the theory that population tended to increase faster than the means of subsistence. The outlook for the masses of mankind was thought to be very gloomy. It looked as though the command of man over the resources of nature was scarcely equal to providing even a miserable living for the population, and clergymen, statesmen, the leaders of society seriously discussed starvation, plague, and war as perhaps necessary means of limiting the numbers.

But the development of the steam engine and the locomotive, and opening of the Mississippi Valley and other fertile regions changed all of that and gave relief to the world. But relief for how long? The rising prices of foodstuffs before the war, and the tendency of our food exports to decline,

indicated that the problem was only pushed back. It is a problem that never can be finally disposed of so long as the population of the world continues to increase.

There has never been another such chapter of development in the history of the world as that which included the occupation of the Mississippi Valley, and there never will be another like it, for there is no other area of land like the Mississippi Valley to be settled. There is a good deal of land yet to be had in Canada, but the best of it is gone. There is land in South America and Siberia, perhaps in Africa, but population is not going to those regions rapidly.

### The Days of Cheap Land Are Gone

OF COURSE, we have come nowhere near the limits of food production in this country, but we have come to the end of the cheap and easy increase. The free lands are gone, the cheap lands are gone, and the increase of the future must come from lands that require considerable investment of capital, for irrigation, for drainage, or for clearing, and by more scientific methods of culture.

It is in competition with lands of that character that the lands of the Middle West have gone to \$200 and \$300 per acre. In the ten years from 1900 to 1910 the average value per acre of all the farming lands in one middle western State, exclusive of buildings, more than doubled, according to the census, and then from 1910 to 1920 they more than doubled again. They more than quadrupled from 1900 to 1920—an average enhancement of more than 10 per cent per annum for twenty years. That is an extraordinary record. It is not strange that with such a rapid advance there should be some speculation, and that some persons should operate upon narrow margins, or that there should be some reactions and individual losses. Those developments happen in the stock market, in the grain market, and wherever there is speculation. They are incidental to a rapid movement of prices.

All of that is a passing phase of the situation. The great fundamental fact is the

commanding position that agriculture is bound to occupy. That position was evident before the war. We seemed to turn a sharp corner about 1900 into a relative scarcity of farm products. From that time on there was a steady rise in prices of foodstuffs and raw materials which put the whole industrial situation under strain. That was before the war. Every advance in the cost of living to wage-earners has to be compensated for in the pay envelope. The wage-makers felt that their pay was not going as far as formerly, and they wanted more. The business man realized that his costs were rising, and he pushed up the price of what he had for sale. Everybody was reaching out to recoup himself, and everybody was wondering what was the matter and who was to blame. The truth was that we were not getting so much for nothing as in the days when we were pasturing our cattle on the public domain.

I think that as we get away from the war and normal conditions are restored, as the people of the world find themselves able to eat and wear clothes as they were accustomed to do before the war, the forces that were making themselves felt then will dominate the situation again.

I repeat that I am more afraid that farm products will be too high than that they will be too low. It is inevitable that all foodstuffs and natural products will cost more as the population increases and the natural resources are impaired, except as improvements are made in the methods of production. Society is always in the position of a man rowing up stream. It requires a constant effort to enable him to hold his own against the current.

And so the problem of society in the future is going to be to hold its own against the natural tendency to dearer foodstuffs and raw materials. The hope is that methods and practice in agriculture will be so improved that production will be constantly enlarged without the rising costs that would be necessary without such improvements. That is a task upon which the progress of society is absolutely dependent.

# To Prevent Dumping

Clauses of the Emergency Tariff act planned to prevent the destructive unloading of foreign goods in American markets—Canada and Great Britain tackling the same problem

DUMPING in forms that might be industrially destructive was even during the war contemplated as one of the things against which precaution should be taken in the post-war period. In 1918 the British committee on commercial policy after the war recommended that England should enact legislation after the example set by Canada fourteen years before, and our own Tariff Commission went to work to find what was wrong with our anti-dumping law of 1916. The Commission's conclusion was that Congress might reasonably impose added restrictions.

New restrictions went into effect on May 27, when the President signed the Emergency Tariff Act, two and a half pages of which are devoted to duties and four and a half to the text of the "anti-dumping Act, 1921," supplemented with three pages more dealing with conditions arising out of depreciated currencies in countries from which imports come.

These latter provisions affect the basis for all ad valorem duties. Such duties have been levied upon the foreign market value,

and the equivalent in our currency of the foreign money in which the foreign market value has been expressed has been certified by American consular officers. Hereafter the duty is to be levied upon the export value when it is higher than the foreign market value, and the equivalent in our money of the foreign price is to be determined by the equivalents proclaimed here by the Treasury Department, unless the actual buying rate in the New York market at noon of the day of exportation varies by 5 per cent or more from the amount declared by the Treasury. In the event of such a variation, conversion into our money is to be at the New York rate for cables, as certified daily by the Federal Reserve Bank of New York. The export value used for the purpose of ad valorem duties is to include any export tax.

The new provisions designed to prevent dumping do not operate at once of their own force. They await action by the Secretary of the Treasury. Upon receiving complaints that dumping of any articles is being practiced or is in prospect, or upon notice from

a customs appraiser that there is reason to think any shipment involves dumping, the Secretary is to make an investigation, and if he finds that an American industry is being, or is likely to be, injured or is prevented from being established by importation of a class or kind of foreign merchandise, he may declare his finding, with such a description of the kind of merchandise as will be necessary for the guidance of appraising officers of the customs.

After such an announcement as to any particular kind of merchandise—and it may be either dutiable or free under the customs tariff—there is to be a special dumping duty assessed on any shipment if the price at which it was sold for importation into the United States was less than the foreign value. The duty is to equal the whole of this difference.

These provisions are elaborated in detail, in order that they may be applicable when the American importer is an agent of the foreign seller of the goods, or where there is a common or joint interest to an extent



which indicates control. In such cases the American importer may have to give bond to the value of the goods and upon selling them report the price he receives, in order that computations may be made to find if a dumping duty has been incurred.

In such a case, as in the ordinary situation, the test is the cost at the point of shipment to the United States. Consequently, it includes not only the price paid for the merchandise as such, but also the costs for containers, packing, etc., incident to preparation for shipping here, any export tax, and any internal revenue taxes which have been rebated by reason of exportation from the foreign country. If the figure arrived at in this way is less than the foreign market price for home consumption plus costs incident to preparation for shipping, and the Secretary of the Treasury has made his finding as to this class of goods, the dumping duty is to

be assessed. In effect the dumping duty equalizes exported goods to goods sold for home consumption.

The new law ends with a section that gives the Secretary of the Treasury control for three months of imports of coal-tar products, dyes, synthetic drugs, etc., and for this purpose transfers to his department the remnant of the War Trade Board, which has been in the State Department since the Trade Board ceased to exist as a separate institution. The Treasury's regulations under this part of the law were issued on May 31.

In May, Canada also looked to legislation regarding dumping. The fair market value of goods sold for home consumption has been Canada's test. It has now added that this value must not be lower than the wholesale price, or than the cost of production of similar goods at date of the shipment to Canada plus a reasonable profit. Having been ac-

customed, for customs purposes, to convert foreign currencies into Canadian money at the current rate of exchange, Canada has at the same time decided to disregard any depreciation of a foreign money below 50 per cent.

May did not prove a month in which legislation of this kind made much headway in England. A three-fold proposal was pending in Parliament. Under it the Board of Trade could apply a duty to protect key industries. It could also put into effect a duty against goods of other kinds which were being sold below the cost of production, and it could erect the same obstacle if, because of depreciated currencies, imported goods were being sold at prices below the prices home industries could make and have a reasonable profit. For all of these purposes the rate of duty was to be 33 1-3 per cent. Opposition to this plan has as yet prevented much progress toward enactment.

## Servants of the Cities

What secretaries of Chambers of Commerce have done and can do toward the advancement of their communities and for the general good of the country

By COLVIN B. BROWN

*Chief, Organization Service Bureau, United States Chamber of Commerce*

**I**N a certain city, dominated by the constant threat of disastrous flood, the Chamber of Commerce had a secretary who used his head. Moreover, he combined courage with resourcefulness. This is to tell how, without cost to the city, he eliminated the flood danger and added millions to property values in the town.

Now don't suppose that this is a story-book yarn. It is the cross-my-heart truth, and I wish I could acclaim this secretary by name with cymbals and drums, as he deserves. Credit has been given to him in the quarter where it counts for most, but there are reasons why I am not permitted to be specific as to the time, the place, and the man.

This certain city was situated on a harbor leading off a navigable river, one hundred miles from the seaport. Along the river there was a great traffic in flour and grains and live stock and other commodities. But every year, during the rainy season, a vast volume of muddy water ran down a small stream emptying into the harbor, thereby shoaling it. The continuing annual Government appropriation of about \$100,000 was expended in dredging the annual flood deposits.

The stream did not always stay in its banks. Every few years the amount of rain and melted snow it was called upon to carry was too great for the channel. The waters got over the banks, swept across country, turned the town into a Venice with flooded cellars and poured like a young Niagara into the harbor.

The property loss from these floods was considerable. The only safeguard would be a diverting canal to carry the floods around the town and pour them into the larger river at a point well below the harbor, where the current was swift enough to carry off the silt. The building of this canal, it was evident, would not only be an expensive piece of construction, but would involve the purchase or condemnation of several thousand acres of land belonging to several hundred owners.

This question of flood control was an

ever-present activity of the town's chamber of commerce, but nothing was ever done about it. That is, nothing was done until our secretary arrived and figured out that in the interest of navigation this might be made a Government instead of a local project. He had no difficulty in getting the resident engineer of the War Department to make an estimate of the cost of the work; also to state what was obvious, that the digging of the diverting canal would prevent the harbor from filling with silt and render annual expenditures for dredging unnecessary; also to state that if the canal were built the amount of money saved by the Government each year in dredging would represent about 12 per cent on the amount needed to build the canal. This was not a "pork-barrel" proposition. It was a business proposition for the Government to bear the cost in these circumstances and the engineer made a recommendation to the War Department to that effect.

A Federal appropriation was made for the work, contingent upon acquirement of the right of way and its being deeded to the Government free of cost. This seemed to mean the raising of a lot of money by the town, with some doubt about the ability to raise it.

The State legislature was in session. The secretary did not see why this improvement in the State's navigable waters was not a State matter, so he procured the introduction of a bill appropriating the amount necessary to purchase right of way. The amount had been decided by the procuring of signed contracts from all property interests affected. It was a hard fight before the committee of the legislature, but the Secretary had his facts, figures, and precedents and the bill was recommended, passed, and signed.

The last obstacle was a rule of the War Department requiring abstracts of title. This meant considerable delay and expense. The secretary went to Washington and got an amended ruling whereby the Government accepted certificates of title instead of the usual abstracts.

Freed forever from flood menace, the town

was not forgetful of the secretary of its chamber of commerce. His reward was generous, and he received and accepted offers from other places to undertake difficult projects for them. His service to many communities is almost beyond reckoning. Perhaps it may be said that his outstanding qualification is his vision of the problems he tackles in their widest application. He does not see them merely in their local aspect, calling for some soothing syrup or a little arnica. He sees them whole. And in consequence he has given valuable aid to transportation, water-power development, vocational education—to mention but a few instances. He is the kind of secretary who recognizes in the local chamber of commerce a project organization, which must have definite and practicable objectives, and which must know how to cooperate intelligently with others, with the Government and with local organizations and with national business.

Time was when the secretary of the local Chamber of Commerce was merely a hand-shaker, a booster, or was generally so regarded. That time is past. Nowadays his work is professional. He no longer merely holds a town job—there is open to him a career. The distinctive mark of a profession, such as the law or medicine or the army, is that, while those engaged in it gain their livelihood from it, they are interested in more than its pecuniary aspects. They are interested in the opportunities which it affords them for public service, and are concerned with any action which may impair the standing of the profession or the integrity of the group with the public. For that reason they have developed professional standards. The opprobrium which attaches to the word unprofessional indicates the social significance as well as the potency of professional standards.

The commercial organization secretary is the man (or woman) whom the community business men's organization or chamber of commerce pays to devote his time and skill to the work in hand, which is the planning and executing of projects for community betterment and the carrying on of the ad-



ministration which necessarily accompanies this work. The instance I gave at the outset of this article was a case in point.

But that was just a spotlight case. No background was sketched in. Let me tell you something briefly about another secretary, and how he grew. He had read about the rise of Charles M. Schwab from day laborer to head of a great steel corporation, of others from poor boy to merchant prince, but he had never read about the rise of a secretary.

He came out of college in the raw, taught school for a year, became a book agent, sold life insurance, got a job as reporter on a small-town paper and was elected secretary of the chamber of commerce.

The chamber of commerce wasn't much. It was chiefly under the secretary's hat. He was proponent and executant of its activities, collector of its dues, runner of its errands, answerer of its telephone, and keeper of its books. Much of his time was spent in talking with drifters into the office, which was the recognized meeting place for such citizens as have little to do and much to say.

A good mixer and likeable chap was this secretary; also, he was ambitious, energetic, and intelligent. He drew little inspiration from his visitors, but was able to generate inspiration more or less, and he was not easily discouraged. His belief in the town's possibilities was unlimited. He coined a slogan about the best town in the best county in the best State, and all that. His supporters liked his enthusiasm and in lieu of a living wage they gave him much praise at the annual banquet, applauded his report, called him by his first name, slapped him on the back and sent him off on occasional trips as an advertising stunt for the town.

On these visits he came in contact with other secretaries from other organizations, and he found that most secretaries who were well paid did not belong to the small-town booster class; also that they knew something about what was going on in the world.

Someone suggested that he procure the annual reports of the more successful chambers of commerce and read them; and he was surprised at the interest shown in State and National questions. This led to a quest for reading matter having to do with the bigger questions and he began, for the first time, to read the general, legislative, and special bulletins of the National Chamber.

As what he read got into his system he wanted to talk and write about it. He asked questions of bankers and business men. He wrote chamber of commerce items for the

local press, occasionally giving them a State or National slant. He visited the factories and stores of members and talked to them about what he had been reading that seemed to have application to their problems. This led to the discussion of local matters—the retail store as a community asset, the extension of retail and wholesale trade, the creation of good living, recreational and educational conditions, foreign and domestic commerce and finance.

Our secretary began to see his town as a cog in a great nation-wide human machine. With the growth of this conviction came a readjustment of his personal relationships. Men of consequence in the community began to take a more active interest in the work of the Chamber of Commerce, and the good-fellow attitude toward him was increasingly tinged with respect. As he became less prone to make ill-considered suggestions and fortified himself with facts and figures, this respect grew. He noted a falling off of active interest on the part of some of the old wheel-horses and some complaint and criticism from them, but he obtained the support of more substantial men, a better and bigger membership and—an increase in salary.

### The Reward of Wide Vision

IT WAS about this time that he received an offer of a job with a local bank and the offer of the secretaryship of an organization in a nearby larger town. A conviction that he had hit the right curriculum in a real school of opportunity led him to refuse both offers. He wanted another year or two of intensive self-culture and active practice in community work in this town of familiar problems.

In those two following years he acquired a working knowledge of the fundamentals of American business, as related to his town and other towns. He not only read every referendum of the National Chamber, but he arranged for the creation of the proper machinery for acting upon such referenda.

He was asked to address Chambers of Commerce on "Organized Community Effort, Its Scope and Objective," that being his selection of subject. Always he pictured the local organization as a piece of machinery synchronizing with other similar pieces in a business and social world; one that could not be thrown out of gear without injury to itself and others. His objective was a mark probably never to be attained, and yet he strove for it. This objective was to make his town a perfect place in which all proper community elements could live and work harmoniously and effectively for the good of each and the good of all.

The town never became what the secretary had planned. In fact, it did not grow very much; there were reasons for this that were fundamental; but the secretary grew. He outgrew the town and has since carried his energy and understanding into successively larger fields of endeavor, and if you want to get him away from where he now is it will cost you a pretty big figure.

This man might have been the secretary of your chamber of commerce or of any other. There is the disquieting possibility that the secretary of your chamber may be just this kind of fellow, and that you don't realize it. If that is so, it is hoped you will realize it before another more alert town gets hold of him.

Moving along from Main Street to larger fields, there was a secretary in a sizable southwestern city who perceived an opportunity and an obligation for his chamber when the Government announced, during the World War, that it wanted farmers to raise castor beans as a source of lubricant for airplanes. The secretary got his chamber behind him and telegraphed the Department of Agriculture that his locality would take up the challenge and if necessary finance the project. Contracts were procured whereby 158 farmers agreed to plant more than 5,700 acres of beans. Thanks to the fact that this secretary was able to see beyond the city limits, nearly a quarter of a million bushels of castor beans were added to the Nation's output.

And then there was the secretary who went into the education business. This was during the war, too. The Government called on universities and technical schools—not chambers of commerce, mind you—to undertake the vocational education of men in the National Army. This secretary, who guided the destinies of the chamber of commerce in a certain mid-western city, felt that this was work the chamber could do as well as a college. Its services were offered. City and county institutions which were vacant during the summer, because their occupants had gone to the country, were used as schools at the outset. Soon five thousand men were taking a sixty-day course in automobile repair work and truck driving, blacksmithing, gunsmithing, wireless telegraphy, carpentering—nine trades in all. The chamber financed the project and got its money back from the Government on a basis of so much per man per day.

I think I may say, taking him by and large, that the secretary who stands out is the secretary who sees his chamber, not as an isolated fragment, but as a cog in a big and wonderfully built machine; who sees his chamber as an important bit—important however small his town—in the mosaic of American life and work and hope.





# Why Not Quit Buying Abroad?

About \$18,000,000,000 is owed us by foreign countries; our defensive attitude toward imports cannot alter the fact that in balancing the account, product must pay for product

By LEWIS E. PIERSON

*Chairman of the Board, Irving National Bank, New York*

**H**OW ARE WE to be paid for our exports? This question cannot be put off much longer if loss and further wandering in the wrong direction are to be avoided. I am not talking about past transactions or trying to devise a means whereby debts now on the Nation's books may be liquidated, but about our regular everyday present and future bread-and-butter business.

Some idea of the importance of these elements comes to us when we run over the figures involved—a total foreign indebtedness to this country of about \$18,000,000,000, increasing from day to day, counting deferred interest payments and foreign trade balance. Itemized and expressed in round figures it looks something like this:

Advanced war loans.....	\$10,000,000,000
Surplus war material sold abroad.....	3,000,000,000
Due to American exporters and manufacturers.....	3,000,000,000
Due to American investors on bonds of foreign governments sold here and on stock in foreign concerns.....	2,000,000,000

The conditions back of these figures would be exceedingly interesting to discuss, and no less interesting would be our possible future policy concerning the tremendous problems suggested. Loans from government to government, investment in foreign enterprise, purchase of foreign securities, invisible trade balance, all of these must be treated, and fully. But the present discussion will not go beyond the development of the simple fundamentals of import and export, the purchase of foreign products and the sale of domestic products in foreign fields. This is the phase of the situation which is presented to the average American business man most directly, and it is in this connection that the average American business man can be most directly helpful.

## What Is Prosperity?

**P**ROSPERITY means intelligent activity, and this requires not only production but also a market for what we produce. Shall we export or shall we scrap machinery? The choice is squarely up to us. Shall we try to turn the clock of progress back? Other nations have tried it, but never with success. Why not, instead, accept the plain fact of a national prosperity, which can be built only upon a trade situation which is properly balanced, a situation in which buying and selling and paying in both domestic and foreign fields will meet upon a basis intelligently worked out and logically arranged instead of upon one lacking important fundamentals and filled with dangerous fictions?

It is a question of payment, that's all—the balancing of accounts. There is nothing mysterious about it. The principle involved is common in everyday life. Our products sold in foreign fields must be paid for in the products of foreign fields. The course followed by the transaction may be long and tortuous. It may include various periods of time, may pass through many lands, may be expressed in strange tongues, may involve the use of

money, credit, exchange. The identity of the original product may be completely lost sight of, but the essentials of the transaction remain unchanged. Product pays for product. Product replaces product, not necessarily immediately but ultimately. It is a true exchange. Only the products are important. All the other elements employed are facilities in between.

We have been hearing a great deal about barter in these days. It has been mentioned particularly in connection with the possibility of trading with certain countries whose regular relations with the United States and other countries have been so seriously disturbed as to render practically impossible operation upon a modern basis; that is, a basis in which money, credit, exchange, etc., are employed. Under such conditions there naturally is suggested the possibility that by actually carrying to some country things the people of that country need, and taking in return things they have and which we need, our interests and theirs may be served. It has worked fairly well on a small scale in some cases. It is doubtful, though, whether it will affect the general situation in any important way. The same elements of disturbance which make it difficult to trade on a modern basis also make it difficult to carry out barter on any considerable scale.

The close logical connection between export and import is easy to understand if we realize that the fundamental thing in all trading is barter, "swapping," an exchange of products. The distance involved is purely incidental. The essence of the transaction is to be found in the exchange. We might call foreign trade long-range bartering, or, call barter short-range trading. Both are forms of the same thing, a "swap." We employ the one or the other depending upon the circumstances of the particular case. Our forefathers employed short-range barter because it worked, because it served their purpose. We employ more complicated methods because barter ordinarily will not work, will not serve our purpose. Our forefathers had just as good sense as we. They, in their operations, followed the line of least resistance as intelligently as do we in ours. The use of barter is not an evidence of a low intelligence, nor is the use of complicated modern methods an evidence of high intelligence. In both cases it is trading, "swapping." The difference is in the conditions of each particular "swap."

This whole question is one of balancing—balancing import and export. Nearly everyone interested in foreign trade nowadays is finding fault with the business situation or at least recognizing in the foreign trading situation much that is unsatisfactory. Export is falling off rapidly, and the figures for the month of March of this year show that imports are still more than \$130,000,000 below exports. We are beginning to see more clearly the undesirable side of a situation like this. There was a time when a large favorable trade balance was regarded as a blessing pure and simple. It gave us

an advantage in our trading with other countries. Such, at least, was the general belief.

Some of our theorists argued that there was danger in the fact of too large a balance of this kind. Their views, however, were relegated to the class of things academic, not to be taken seriously by "practical business folk."

Now we have been shown that the theorists were right. We see that unless some reasonable measure of balance is restored, our entire foreign trade machinery is in danger and much of our general prosperity, too. If we are to continue selling goods in the markets of the world, and of course we will, we must evolve a method of payment for these goods which will work better than the method at present employed. And unless we continue to sell goods in the markets of the world and upon an increasing scale, the prosperity of the entire nation will be put upon an exceedingly doubtful basis. This may be stating the case too mildly, but it at least will serve to show that the question is not academic but intensely practical and rather serious. We must use greater vision, must learn that it frequently becomes necessary and desirable to sacrifice the immediate point of advantage in the interest of permanent benefit.

## But We Don't Want to Buy!

**T**HERE is an element which all too frequently gets into our general attitude towards export and import, or, perhaps more particularly toward import. This element, which we might call prejudice, for that it is, actually throws our attitude itself out of balance. We like export. We do not like import. Selling our goods in foreign markets suggests something desirable. Having foreigners sell their goods in our markets suggests something undesirable. Toward exports our attitude is at least open. Toward imports it is clearly defensive. We are splitting a situation which should be kept intact.

The difficulty is that we do not analyze the situation properly, do not divide it into its component parts and treat each part according to its merit. We call it import and let it go at that. If our particular contact with import leaves an unfavorable impression, that of direct competition, for instance, we allow this experience to color our attitude upon the entire institution.

We lose sight of the fact that foreign products are sold to us only because we wish to buy them and that our intention in buying them is not to help the foreigner who sells to us, but rather to help ourselves. If only we would follow through in the process of import we would get the right idea. We would see that the true basis for possible objection on our part is not to be found in the mere fact that products are imported and sold, but rather in the use that is made of them. The question is not, Have they been sold in this country? but rather, Has the nature of their absorption into our business situation been desirable or otherwise?



We import the things we need, the things we can utilize to an advantage. Let us continue to do this. We must if we are to prosper. Do we need the import of certain foreign products? Possibly, possibly not. And whether we do or do not should be treated as a question of intelligent economics, not as one of blind prejudice or of stupidly running with the herd. Study the case, evaluate its elements, then act, and we will find ourselves not far from right.

Another thing we should understand clearly; this is a question of import and export, but not of importers and exporters, and the burden of settling it should not be borne by them unaided. We are all in it—all Americans. Every man and woman and child in the country is concerned. The question of national prosperity is not to be left to classes or sections. We are all interested—laborers, producers, manufacturers, distributors, bankers—just as seriously as are those who trade in foreign fields. It is a question of good business versus bad business, of rational living costs, fair prices for the things we must buy, of reasonable rates of taxation—all of these and more, as opposed to undesirable conditions such as surround us at the present time.

Let us, just for the purpose of discussion, take the position that the importation of goods to be sold here in direct competition with domestic products is not desirable. What then? Are we attacking imports generally in a position like this? Not necessarily. Imports, considered in terms of competition, may be undesirable, desirable, or in what we might call the shaded class, somewhere in between, or desirable under certain conditions and undesirable under others, or desirable from one point of view and undesirable from another. But there would still be another class of imports which would be not only merely desirable but practically indispensable.

The Australian merino wool is a case in point. This wool is not produced in this country, cannot be produced here. The sheep producing it cannot get along properly in any United States climate. Australian wool, when mixed with the American varieties, produces a fabric which perhaps is more popular in its use than any other suiting fabric on the market. Is this kind of import undesirable?

Innumerable cases of this kind could be cited. We sell soft wood to certain Latin-American countries and buy hard wood from them. We find it not only good business to make this exchange, but find it absolutely necessary if we are to have the particular kind of hard wood we need. We import quantities of cheese from the Argentine—Italian-type cheese, by-the-way—and at the same time produce cheese on a very considerable scale. Why? Simply because it serves our interest to do so. Could we make Italian-type cheese in this country? Possibly—then why not? Oh, for a number of reasons, perhaps.

It may be that we prefer to have our people do something else, say, make some other type of cheese or engage in some other occupation they might find more profitable and enjoyable than the Italian thing. Or it may be that our reason is the same one that makes us eat California fruit—we like it. There are other fruits just as good, perhaps. We may eat them, but we eat the California fruit, too. We prefer it that way. And after all, it's our own affair. People need not be logical when choice is in question, hammer logic into The Kaiser tried it and deal of trouble be through.

Then there enters

a particular country or section who require things which they do not produce. It is of no particular importance whether their attitude is a logical one or not. The facts are what we must contend with. Whole populations of industrial centers in Europe produce a particular article or line of articles without any special reference to whether they should produce something else or not. They would have it that way. In one center it is embroidery, in another lace, and lace of a particular kind; in another toys; in another ribbons. Here it is a handicraft and there it is a machine product, and as far as the outsider can judge, those people all represent about the same general grade of skill and industry and live under practically the same conditions.

If almost any one of these communities wished to produce something which would compete with the product of another community, it could do so, not right away, perhaps, but almost certainly in time. But they do not wish to do so. They find it more profitable, and more convenient, or more desirable from some point of view, to go on as they have been going on. They produce what they wish to produce and buy what is needed beyond the possibilities of their own production. This is just as true of nations as it is of communities, and just as reasonable. They manage their own affairs to suit themselves. Their judgment is what controls, not the judgment of someone possibly better qualified to decide for them. Again remember the Kaiser.

But all the arguments for a properly developed import are not to be found in the past. The future speaks even more powerfully for a better balanced trade. Until the present we were a debtor nation. Now we are the great creditor. Then we owed others. Now they owe us. Clearly, this changing of places has brought us a new obligation in

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American exports lying unclaimed on the docks at Buenos Aires. Dollar exchange got so far out of balance that South American merchants refused the shipments. It is estimated

that there is \$20,000,000 worth of unclaimed goods from America at this one port. As Mr. Pierson points out, there is not much profit in a "favorable balance" of this kind.



the balance of the account, namely, the well-recognized creditor obligation of creating conditions under which well-intentioned debtors can pay us without undue injury to themselves.

Another fact suggesting the increasing importance of balancing exports with imports is that in the past we had to depend largely upon foreign shipping for our world commerce. Now we have shipping of our own. Then we paid other nations to carry our products. In the future we can carry them ourselves and help other nations to carry theirs.

None but the broad view will serve. The

individual must look beyond immediate personal profits and see the benefits which will come from a general prosperity, without which his apparent profits may mean nothing more satisfying or important than a few entries upon the books of his business.

The man in official position must look beyond the clamors of any mere constituency and see back of both them and himself an obligation and a representative which, in their essence, mean the nation, and not merely the voters who put him in his office. He must realize that he will serve his constituents best and to their greatest benefit when he

sees his obligation to the nation most clearly. And these things may be done, too, not necessarily as a matter of patriotism, but as a matter of plain ordinary business sense, the sort of business sense which follows through and is not deceived by appearances. They will be worth while in dollars and cents, not the sort of dollars and cents which, during the past three or four years, came and deluded us with a false sense of prosperity and then disappeared in thin air apparently, but dollars and cents which will be safe and real because they will reflect a part of the larger and continuing prosperity of a nation.

# Look Your Statistics in the Eye

The wise student of figures doesn't reach out for too much; he bears in mind that statistics are only a basis for interpretation and that it's the interpretation that counts

By ARCHER WALL DOUGLAS

*Chairman of the Committee on Statistics and Standards, Chamber of Commerce of the United States*

THE USE and value of statistics of the operations of any particular organization do not need any discussion here. Such figures are indispensable to any concern in the intelligent conduct of its affairs.

But it is another story when the statistics are of nation wide extent. For then there arises the problem of the accuracy and completeness of the figures involved because of the extent of the subjects in question.

Some of the figures are too great to be a matter of actual count, and consequently must be estimated. Now what estimates are worth, or not worth, in certain instances, has been illustrated by the present census in the matter of the number of livestock in the different States of the Union.

The census figures differ from the estimates of another department of the Government from 15 per cent to 50 per cent in some cases. The most disquieting feature is that some of these large discrepancies occur in the smallest States, where agreement would most naturally be expected. Estimates of this nature are often based upon averages of certain parts of the whole, under the assumption that the averages will be close enough throughout to give a sufficiently approximate correct statement for the entire proposition.

The fallacy of this theory lies in the assumption that the subject under consideration is homogeneous enough to admit of such reckoning, which is frequently not the case. This has been demonstrated recently as to the number of hogs in Iowa, which has been the subject of four separate estimates, though one of them purports to be an actual count. The smallest estimate is less than one-half of the largest, the difference being about 7,000,000 hogs. Two of these four estimates are Government figures, and they are 30 per cent apart. The inherent difficulty of estimates of large amounts is the constant uncertainty as to whether they are approximately correct, or very far away from the actual facts.

Following the question of accuracy is that of completeness, since statistics may be accurate as far as they go yet only tell a part of the story, so that they thus furnish false and misleading information as a basis of action. For instance, the Government estimates of wheat in the hands of farmers, as of a certain date, do not mean very much in a definite way since they are not accom-

panied by the kindred statement of wheat stored in elevators and warehouses throughout the country, and the amount of flour in the hands of millers and the distributing trade.

All of this the Government is obviously unable to furnish for lack of men, means, and money, and if it were it would not serve any useful purpose commensurate with the time and expense involved.

If, therefore, the business world is to make intelligent use of statistics in a large way they must have far greater accuracy and reliability than now attaches to many of them, and they must likewise be more complete.

They must also be timely, and available for immediate use and action, and not simply interesting as past information. They must not fall in the category of those congressional investigations which finally get printed when everybody has forgotten the cause which inspired them.

There is a rather widespread feeling that the Government should furnish the business world with many more statistics than is now done, but, until the leopard changes his spots, I believe that business men will get better results if they tackle the job themselves and endeavor to solve it by team work with each other. There are a number of key industries, such as the various phases of mining, transportation, lumber, and the like where this is done and where the results seem sufficiently accurate and timely for most practical purposes.

There is not much use, in the beginning, in essaying anything save simple elemental commodities where it is possible to get the facts through exchange of information among those interested. The first step is to know what is wanted and what use will be made of it after it is obtained. It was once suggested to the Committee on Statistics of the United States Chamber of Commerce that they obtain statistics of farm mortgages of certain Western States, Nebraska for example, and make a study of them.

The obvious answer was that if the information was obtained it had no practical value since it might mean, if the farmers of Nebraska were increasing their mortgages, that they were either going deeper in debt, or else, like enterprising business men, they were merely borrowing money to stock their farms and increase their productivity—nor was

there any feasible way of finding out which was the real cause.

As a matter of fact, most of the statistics which are gathered, whether by the Government or individuals, serve no other purpose than as matters of information, or else to furnish subject matter for essays by economists which are rarely read by the business world.

It has been suggested that if the dealers in certain commodities, say some forms of textiles, had known the facts in the early part of 1920 as to the stocks of these goods in the hands of the mills and jobbers that they would have been in a much more intelligent position in the matter of placing their orders and would have thus avoided the overbuying and the consequent cancellations.

This seems very simple until you analyze it. It might be possible to get the stocks in the hands of the mills, always assuming first that they were willing to convey this information, but to get the figures from the jobbers would probably be impracticable because of the number of organizations involved and the immensity of detail, to handle which there would be needed most complete and well-ordered machinery of collection, tabulation, and distribution.

When these figures were gathered they would mislead, instead of giving information, unless the retailers had some intelligent idea as to what these statistics meant in relation to the annual sales of such goods. In other words, whether the stocks were really large or small, in relation to the probable demand in the near future.

It must be obvious that by this time the problem has assumed a complexity and a difficulty that renders it hopelessly impossible of being handled in such completeness and timeliness as to render it of any practical value.

Statistics are invaluable to the business world under certain specific conditions. They must be sufficiently accurate and dependable, and complete enough in all requisites to serve as a working basis. Then they must be subject to intelligent analysis by some one who is personally familiar with the facts which produced those statistics. There is a rather widespread fallacy today that a trained and intelligent statistician can take figures relating to most any industry and deduce their real meaning and significance. It can't be



done. No man has the real meaning of an industry without personal contact and study, and it is not to be had in a few weeks of investigation.

But the way to do anything is to do it. So a start can be made by first deciding as to the need of statistics of some elemental industry and then what definite use will be made of such statistics when gathered. For there is no sense in getting all this knowledge just for the fun of it and without knowing what will be done with it when obtained.

Lumber may be a good subject because of the importance of construction at the present time. Have the figures in the unit of quantity, rather than dollars and cents, because the changes in price make comparisons of value in figures of output and sales of practically no use.

The figures should be for the industry as a whole and also there should be figures for some of the staple and typical articles. In the various subdivisions—sales, output, stocks on hand—the statistics should be for definite dates and not for averages over certain times, for averages in general mean nothing whatever, especially when compared with an intelligent study of definite periods.

The figures of stocks on hand, output, and sales in different sections of the country

should be as nearly comparable as to the same periods of time as it is possible to get them.

In some industries it will be found necessary to subdivide the various branches in addition to considering them as a whole. Lumber has different kinds, yellow pine, hardwoods, douglas firs, which have to be considered separately. The fewer the subdivisions, however, and the fewer the classifications the easier the statistics will be understood by those for whose benefit they are intended. The professional desire to have statistics painfully minute usually results in their being incomprehensible to the average person.

Finally, they should be analyzed and edited by some one who is not only a student but likewise personally familiar with the facts involved. There should be figures enough, but not too many, or they will merely confuse without being illuminating.

Most of all there must be graphic charts with a definite and simple analysis. For charts are not self explanatory in their full meaning. Moreover, the report must be a story that he who runs may read. Not an essay, and certainly not merely a scientific presentment; but a narrative, written by one who has the newspaper sense to recognize a story when he sees it, and the newspaper instinct to give it expression.

I have never yet seen a business fact of any moment that did not contain the potentialities of a most interesting story. Statistics are valuable not so much for the information they disclose as for the things they hint at and suggest, for the relation of the facts they present, not only to each other, but often to apparently unrelated subjects; for the trends they disclose to the sympathetic and understanding analysis.

The true student of statistics has "hunches," as well as deductions and inductions, and they are usually the best thing he does. Also such an one must not only know the things which produced the statistics but likewise all things and happenings which are pertinent and related to them; or else he will never perceive that the figures of the damage wrought by the cotton boll weevil have far greater significance than the recital of the destroyed crops, and tell rather of the consequent fast changing social, political, and economic life throughout the Southern States.

When the problem of sufficiently accurate and complete statistics is solved, there still remains the far greater task of so presenting them that the interest in their far-reaching meaning will carry with it understanding as to their full import.

# The Value of Deliveries

The successful exporter allocates a definite part of his business to foreign customers whom he regards as business neighbors rather than as a convenience for slack times

By A. E. ASHBURNER

*Foreign Manager, American Multigraph Company*

**A** CHANCE ENCOUNTER I had once in England was of exceptional interest in its bearing on foreign trade.

I was at the Euston station, bound for Newcastle-on-Tyne. I had failed to find a place in the train, when an Englishman of distinguished presence offered to share his private compartment with me. Once the train was under way we fell into conversation and, inasmuch as foreign trade engrosses a good deal of my thought, the talk turned naturally in that direction.

It was apparent to my companion that I was an American, and he took occasion to discuss American methods of export.

"The one thing we British have to consider seriously," he said, "is your magnificent sales organization. You are twenty years ahead of us there. But you have not yet learned the value of prompt deliveries."

This was no idle compliment, as I was to find; for my companion was Sir Walter Runciman, the noted English shipper. A little later the impression his words had made on me was emphasized when I was in Berlin. I was talking foreign trade again, this time with a director of the Deutsche Bank.

"You Americans," he said, "are ten years ahead of us in sales methods. But you haven't yet learned the value of prompt deliveries."

Thus he repeated almost verbatim what Sir Walter had said.

This is worth reiterating now that America has become a real competitor in world markets. Our manufacturers are not, by any means, the best exporters in the world; but the best exporters on earth are American manufacturers. As a class they cannot hope

to excel until they see the vital importance of deliveries, and learn to allocate a certain percentage of their annual output for sale abroad. To my mind this is the most important fact bearing upon our future position as world traders. Upon this alone, I think I may say, depends our success.

Our reputation for slow deliveries may be attributed chiefly to the fact that the American manufacturer has oftentimes thought of foreign trade only in times of over-production, as a means of getting rid of surplus stock. When this had become an accomplished fact, when he had placed his surplus somewhere abroad, often unsatisfactorily through lack of a direct selling organization, foreign trade has answered, to his mind, the purpose for which it existed. When the domestic field again became normal his deliveries to foreign markets ceased. What could be more harmful than this to definite foreign sales development?

To stabilize American production by making our foreign trade a permanent factor in business, is sound business common sense and good reasoning. The economic health of the United States demands a permanent foreign trade, built on sound business principles. The last decade has shown a marvelous growth and expansion of our industrial interests, and our increased production must have an outlet. Our principal exports for years figured largely in raw products. Today the percentage is in favor of manufactured goods. What better proof do we need that we have passed the kindergarten stage, and that foreign trade is becoming to the American manufacturer more and more an integral part of his every day business life?

The belief that foreign trade is mysterious, that it is surrounded with intricate problems and perplexities, is no longer cherished by the American manufacturer. He has found that the basic ideas of merchandising are much the same the world over; and that by adapting his policy to local conditions abroad, it will be found just as easy to sell in Timbuctoo as in Kankakee.

As this important fact has grown clearer and clearer to the American manufacturer, our foreign trade has increased amazingly. A business which used to sell 10 per cent, let us say, of its product abroad, finds now that it must meet an entirely new problem of delivery. What does it mean if the export manager of this concern asks that 75 per cent of the output be allocated to his department? It means simply that he can't get it.

Three years ago, for instance, a foreign manager whom I knew intimately told the Board of his company that he expected their annual business in the British Isles to increase after the War to five times the volume before the War.

"Why," said one of the directors, "you must be crazy."

"All right," said he, "just write it down in the minutes that I am crazy, but give me deliveries. That is all I ask."

Well, the business jumped to more than five times its pre-war volume, then to six times, then to eight times and then multiplied almost tenfold. This was more or less due to the particular line of goods, but it was also due to the fact that the sales organization had got its bearings. The men had adapted themselves to the conditions in the market, and had analyzed conditions to such



an extent that they were practically using the methods which they used in their domestic organization, adjusted to the situation in England. Just as they were coordinating their advertising with their selling plans in the domestic market, so did they carry out this plan in the British Isles. To this largely their success can be attributed.

But in spite of close contact with the selling force, the American manufacturer has not learned to think of his foreign customer as he thinks of the man across the street. Until he makes a change of mental base which will enable him to feel the rights, privileges and needs of the purchaser in Bombay, just as keenly as he senses these things in his Dubuque customer, he will slight the man abroad, especially if there is a conflict of rights, privileges or needs. The purchaser in Bombay, let us say, has ordered 100 units of his product. The customer in Dubuque, just as the order is about to be shipped, telegraphs that he must have 100 units right away. The manufacturer knows the man in Dubuque, perhaps has sold goods to him in person, and the American customer gets what he wants while the customer abroad has to wait. The American manufacturer needs a trade telescope.

### They Are Human Beings

PERHAPS if we would think oftener of the part played by foreign trade in stabilizing the staff at home during crises we would be better able to visualize the foreign buyer as a human being. When a slump comes, the manufacturer must sacrifice Tom, Dick and Harry from his organization, here in the productive end, there in the selling force, another in the office staff. Tom may have worked for him five years, Dick eight years, Harry ten years. All of them may be efficient men. Their loss cannot be calculated in dollars and cents. When they go, an organization which has been built painstakingly over a long period of time begins to crumble. If the foreign buyer has been nursed along properly, his value to the concern is demonstrated convincingly in a time like this, when he takes up the slack in domestic production and keeps a valuable organization intact.

But we hear a great deal nowadays about foreign exchange, and how it has disrupted foreign trade. Of what use is your customer abroad, some men are asking, if the rate of exchange is such that he can't buy your product? The answer is that ways have been found to maintain trade in spite of unfavorable exchange, by the purchase of foreign securities and by resorting to what is practically an exchange of commodities, through an approach to primitive barter. Foreign financiers, it seems to me, are vastly cleverer than we are in this kind of thing.

What percentage of our total product should we allocate to foreign business?

This is a question asked many times, but never, so far as I know, satisfactorily answered. It involves an individual problem. It is not a subject for any one to make a decision upon but you. And you may say, as a manufacturer: "Why should I enter the export field? I cannot meet the demands for my product here in the domestic market. Why enter a field of which I know nothing; one replete with difficulties?"

We who have been interested in export have heard this same story for years. The writer vividly recalls a discussion, some ten years ago, with a large company executive who argued along that line. Only a short time since, reviewing our former conversation, this same man said: "You will be

interested in knowing that 78 per cent of our total volume is in export. Today we are continuing an expansion of our business through the impetus that our foreign trade is giving us, and this in the face of the unusual conditions in foreign exchange."

Personal investigations made in recent years into the percentage of his total production the American manufacturer sells abroad, have developed the surprising fact that there are manufacturers whose total volume of foreign trade exceeds by a goodly margin their domestic business. In several instances it has been found that the foreign business consumes as much as 85 per cent of the total. One concern in particular, whose product is well advertised in this country, exports 72 per cent of its output. This is an exceptional case but there are surprising examples of what the progressive spirit of the American manufacturer has accomplished abroad.

The question has been raised: "Can the American manufacturer do too much foreign business?" This question can be safely answered by saying No. Obviously a manufacturer can do too large a percentage of domestic business. But happy is the organization which can allocate wisely its percentage of volume to both domestic and export business, for this is a spirit of progress.

It is an acknowledged fact that the British are the dominant power in foreign trade, and it is interesting to note how they became that. The answer is not difficult, for there are three reasons, in my opinion, why they are the dominant factor.

First: She has an enormous merchant marine. It has meant much in the transportation of her goods.

Second: The marvelous development of her banking interests abroad has done much for her trade interests. We have all heard it said that the centre of finance would ultimately be changed from London to New York, but it is my opinion that even the bankers of this country see only a remote possibility of such a case. London is still the center of the money market of the world and will be for many years to come.

Third: England's well developed means of distribution through British firms abroad, which have been in existence for four or five generations, gives her advantages it will take us years to overcome. But with all these advantages, what value would they be without production? For if deliveries cannot be made, organization, even though the best, will prove of no avail.

Was it the War that brought home to us the realization that foreign trade is essential to our economic structure? No; for even before the World War our thoughts were

already centered on foreign trade. But it is an admitted fact that the war has done much for us in the impetus it has given our foreign trade interests. We have advanced from a third or fourth rate factor in foreign trade to a strong contestant for first place. If we are to hold our advantages we must not lose sight of the fact that if we want to sell we must of necessity also buy.

Today, our greatest need is to impress upon the American manufacturer, from the largest to the smallest, the importance of a permanent foreign trade with an ever increasing volume as a stabilizer of American production.

### A Communication

Editor, THE NATION'S BUSINESS:

IN THE editorial in the May number of your magazine, in which you comment on my article on business methods which appeared recently in *The Congregationalist and Advance*, you say:

Promotion of the brotherhood of man is altogether praiseworthy, but we wonder whether Mr. Sweet fancied he was accomplishing it by his innuendoes against his former associates in business. Whatever he has to say derogatory to business methods, we take it, is leveled rather at those with whom he came in immediate contact than at business in general. For we are persuaded in this office that business morality in this country and in the year of Our Lord 1921—here and now—is a high order of morality. We should like to be checked up on this.

It is not at all necessary to draw this inference from my statement. The whole business world knows what a disgraceful orgy of wrongdoing was indulged in last year by the cancellation of orders. It was not confined to any line of business but was practically universal—the bond and security business in which I have been engaged for thirty years not excepted. There were some instances where cancellation of orders and agreements resulted in adjustments in a manner satisfactory to both parties, but millions of dollars worth of transactions were nullified which, by any possible standard of business ethics, should have been carried out. The most glaring and unworthy methods were adopted to avoid losses. But to the credit of some business men, losses in many cases were incurred despite all consequences. Furthermore, this wrongdoing has been publicly condemned by some of the nation's leading business men.

In view of these facts and many more which might be stated, is it fair and right, Mr. Editor, for you to accuse me of uttering innuendoes against my former associates when I make derogatory remarks regarding current business methods which are perfectly well known to all? In fact, is it not time for business men to quit winking at practices in their organizations which they know are going on? They would disdain to do these things themselves, but permit them because it is profitable to do so. On the other hand, there are men who hate with all their souls, business wrongdoing, but they are powerless to prevent certain practices. They feel they must indulge in these methods if they are to continue in business.

The way to clean up business is not to cover up and deny evil practices but to drag them out into the open, in the clear light of publicity and, trusting in the right purposes of men, to work fearlessly and hopefully for a new day.

WILLIAM E. SWEET.







## Taxing Capital as Profits

**I**NVESTED CAPITAL, as everybody is painfully aware, enters into the formula by which the excess-profits tax is computed. Unpopularity of this term exists not only among managers of corporations, who have had to search out its application to their companies, but is also pronounced among officials of the Government. A recent Secretary of the Treasury declared that, because of the complexities arising in ascertaining invested capital, new returns were coming in faster than old ones could be checked, and cited as a reason for immediate repeal of the excess-profits tax the discriminations which were made through the definition of invested capital against conservatively financed corporations.

Congress has not yet got around to repealing the law. Corresponding taxes in England and Canada have been repealed. Even after the excess-profits tax has been terminated, there will remain many questions of importance about its effect in the years when it was in force. In May the Supreme Court dealt with one of these problems, which related to the tax as levied for 1917. For 1918 and later years Congress changed somewhat the definition of invested capital which had to be used for 1917, but the changes have not been fundamental.

In the case upon which the Supreme Court passed, a company had an invested capital, according to the figures of everyone, including the Treasury Department, of \$16,000,000. That amount included the cost of some ore lands bought fifteen years ago or more. By 1912 the value of the lands had so increased that they stood on the books as worth \$9,000,000 more than was paid for them. In 1912 additional stock was, in effect, issued to shareholders to this amount. The company accordingly contended that \$9,000,000 should be added to its "invested capital," as computed for the purposes of the excess-profits tax; the Treasury took the opposite point of view, on the ground that this amount did not represent anything paid in to the company or a surplus accumulated through earnings. If the Treasury's view prevailed, the company's excess-profits tax for 1917 was increased by \$1,081,000.

The Supreme Court upheld the Treasury. It said that the definition of invested capital used by Congress excluded the possibility of capitalizing, for the purposes of the excess-profits tax, a mere appreciation of values over cost. Of course, to cost could be added the expense of any development work that was done, but anything over this was outside the definition. Invested capital is measured, under the court's interpretation of the law, by actual contributions made for stock and actual accretions in the way of surplus, valued according to actual and bona-fide transactions and by valuations obtaining at the time of acquisition.

The purpose of Congress, the court held, was not only to confine the capital as used in this connection to something approximately representative of the risks accepted by investors embarking their means in the enterprise but also to adopt tests which would enable returns to be checked by examination of records and make them less liable to inflation than if a more liberal meaning of "capital and surplus" had been adopted. The court suggested that in this way Congress avoided the necessity of employing a special corps of valuation experts to grapple with the many difficult problems that would have ensued had general market values been adopted as the test.

All assets do not appreciate, as every-day experience goes to demonstrate. The court is aware of this, and takes occasion to say that it intimates no opinion about the effect of the law with respect to deductions from cost values of capital assets

because of depreciation and the like, having before it no question of that kind.

## Shades of Haroun-al-Raschid!

**T**HE RIGHT-HAND DRIVE has stirred Bagdad, of romantic memories, but now so nearly up with the times that it has a newspaper printed in English and with a weekly column devoted to automobiles.

Bagdad is apparently a pretty good place from which to view the rest of the world and perceive just how it should wag. This is an obvious conclusion from the comments of the Bagdad journal about the right-hand drive.

"The controversy which has been raging so long on the subject of right and left hand steering," it says, "threatens to become world wide. The protagonists on either side are pretty evenly matched. Britain and most of the British Empire prefer to pass on the left and therefore plump for the right-hand steering wheel; America and the continent of Europe, with their dependencies, take the opposite view. Some countries show an entertaining diversity in the matter. For instance, in Italy one keeps to the right except in Rome and certain other towns, where one keeps to the left. In Canada one keeps to the right east of the Rockies, but to the left west of them. It would be an immense advantage to the world if some general agreement could be come to on this matter. If all the world, say, could be persuaded to keep to the left, then the right-hand steering wheel could be standardized once and for all. It seems a suitable subject for a committee of the League of Nations!"

The automobile editor at Bagdad seems to have avoided American cars. No other conclusion is possible in view of his feeling-complaint about mudguards.

"Is there any reason why mudguards should not be larger and more easily removable?" he asks with heat. "We ourselves recently had an experience on an English machine bearing on this subject. We hit a muddy patch not a hundred miles from Bagdad East and the front mudguard became so stuffed that the wheel stalled; with great difficulty we got the front mudguard off, upon which the rear mudguard proceeded to do likewise. But we found it practically impossible to get this off without quite a lengthy engineering operation—not the sort of thing one wishes to indulge in on a wet afternoon on a Mesopotamian road. It cost us many rupees in tips to get the machine pushed home, and we cursed the makers heartily."

## Consolidating the War Debts

**R**EFUNDING national loans takes on large proportions. England has already set about its task. Being confronted with war bonds maturing over a period of four years in an aggregate of £632,000,000—in dollars, say, about \$2,528,000,000—the British Government at the end of April offered a conversion loan.

The maturing bonds bear different rates of interest, but the average upon the whole lot is about 5 per cent. On the market they have been selling at a price which meant a current return around 5.6 per cent.

That figure would seem to have had influence upon the terms of the new bonds, for the new bonds are calculated to give a current return of about 5.6 per cent. They are to pay 3½ per cent on the principal, however. That means that par of present bonds cannot be exchanged for par of new ones; in fact, for a present £100 bond a holder is to receive a little more than £160 in face value of the new bonds. The whole operation of con-





version, if completely carried out, would mean that the part of the British national debt involved would be increased, in British equivalent, from \$2,528,000,000 to \$4,000,000,000 and the annual interest payment to be made by the government on account of this part of the obligations would be raised from £31,500,000 to £35,500,000—or from \$126,000,000 to \$142,000,000.

As the new bonds are not to be payable for forty years, the government itself has indicated it thinks it may have erred in making the terms of the new bonds too liberal. At any rate, it apparently is unwilling to consider refunding its floating indebtedness on similar terms and will let this part of its obligations run until it considers conditions more favorable for better terms.

The United States Treasury has begun to put into effect its plan to distribute over the period to 1928 our Government's short-dated indebtedness now due before the middle of 1923 and aggregating at present \$7,558,000,000. The first step is the offering of three-year notes at 5½ per cent and maturing on June 15, 1924.

### Resale Prices Up Again

**RESALE PRICES** were before the Supreme Court again in April, 1921. The court then said that there would be no violation of the Sherman Law if the evidence showed only a sales plan which was indicated by a manufacturer to wholesalers and jobbers and which included a price below which they were not to resell to retailers, and general acquiescence by wholesalers and jobbers in reselling to retailers at the price indicated by the manufacturer.

This was obviously a technical decision. It still remains true that an illegal arrangement for maintenance of resale prices, under existing law, may be found in a course of dealing quite as well as in the express language of contracts, etc.

### Steel and That Tired Feeling

**A TEST** to determine the beginning of fatigue by means of a slight rise in temperature set up in the specimen."

Save that a doctor does not describe his patient as a specimen, that phrase might have been quoted from a medical journal.

It is, however, taken from the annual report of the Engineering Foundation, and refers to the work that body is doing to determine the cause of fatigue in metals.

It startles the layman to learn that steel gets tired and grows feverish, but it does, and with its fatigue comes danger.

A tired-out aviator, fighting off sleep, might be no more dangerous to his passenger than a tired-out crank shaft in his airplane. A city might go lightless or a steamship drift helpless at sea because one moving part of a power plant reached the limit of its endurance.

The question of metal fatigue grew important in war times particularly in connection with aviation. The National Research Council turned to the Engineering Foundation for money and to the Engineering Experiment Station of the University of Illinois for men. The study did not stop with the war and in October, 1919, the three organizations laid out a plan for two years of work. A year later the General Electric Company decided that it wanted to know more about fatigue of nickel steels in turbines and offered \$30,000 to help.

Manufacturers have given test specimens of steel and special machines have been devised to tire them out. They talk in millions, these men of vision and patience, but not in millions of dollars:

"The data already obtained indicate that the endurance limit can be fixed by tests carried to ten million repetitions about as well as by tests carried to one hundred million repetitions of stress. Moreover, there is a possibility of the development of a rise of temperature test which will still further expedite the carrying on of future investigations."

By November, 1921, when the two years are ended, they hope nearly to complete the original program and the worth of their work will be measured not in dollars alone but in human lives.

### The Wallflowers of Our Merchant Fleet

**IN THESE DAYS** of deflation, the high cost of flying the American flag at sea gets its share of attention from government and business. Items that continue to be producers of abundant expense are the wooden ships and the smaller steel vessels that are tied up in disconsolate flotillas in the James River and at other ports. They are the wallflowers of our merchant marine.

Shipping men have urged that vessels of this type ought to be sold regardless of the nationality of the purchaser; that there is no sense in keeping them if no one in this country wants to operate them.

The charge that selling such steamers abroad might put a weapon in the hands of our competitors was answered recently by Charles F. Dutch, formerly Admiralty Counsel of the Shipping Board. Mr. Dutch said that he couldn't imagine anything better than to "load our competitors with these wooden ships and the smaller steel ships." The Board, at one time, had an offer from a German source for the purchase of a number of wooden vessels. Mr. Dutch declared that it would have been a fitting punishment for German frightfulness to let them buy the vessels and operate them.

Opposition to selling even these ships to foreigners developed in certain quarters. In spite of this it appears that the Shipping Board is getting tired of paying out money to keep the steamers riding uselessly at anchor. A news despatch carried recently by the Associated Press contained the following:

Plans to offer the surplus government-owned merchant marine tonnage to foreign buyers have been made by the shipping board, subject to the approval of the new board President Harding is expected to name today. It was explained last night that difficulties encountered in disposing of the smaller vessels and the coal burners in the American markets had led the present board to clear the way for their sale abroad.

Tentative plans for paring down the government's merchant fleet through sales overseas, officials said, contemplate the disposal of the wooden ships, the slower moving type of vessels of 5,000 and 6,000 dead-weight tons and less and larger coal burning craft, including some of the former German vessels taken over during the war, but regarded as less serviceable to American needs than some other types.

Now read an extract from the report of a Special Committee on Ocean Transportation, made to the directors of the Chamber of Commerce of the United States. It was part of a referendum that went out in October, 1919, and which was overwhelmingly adopted:

All the wooden ships and all the surplus steel ships of less than 6,000 tons deadweight capacity, should be sold to either American or foreign bidders on the best terms obtainable, without limitation of flag.

This suggestion was embodied in the first proposition of the referendum. The desirability of this policy was urged upon the Shipping Board and the Senate Committee on Commerce by the National Chamber more than a year and a half ago.



# The Voice of Business

Commerce and Industry have every right to present their views on legislation; so far, referenda are the best means of gathering business opinion

By ELLIOT H. GOODWIN

*Resident Vice-President, Chamber of Commerce of the United States*

**T**WO successive Presidents voiced publicly the need of the Government for a national expression of business opinion. Both interested themselves in the creation of organizations through which this expression could be gained. One such organization failed because it was not based on a sufficiently broad foundation of democracy. The other is the Chamber of Commerce of the United States, which has reached its present position because of the methods it has employed in obtaining a national expression of business opinion and presenting it for the consideration of the legislative and the executive branches.

The Chamber starts from the premise that business has a right to present its views, that these views ought to have consideration for what they are worth, and that right-minded Senators and Representatives, as well as members of the executive branch, want not only to receive them, but to weigh them.

There are but two methods of arriving at policies in the name of the Chamber of Commerce of the United States, and both involve the consideration and endorsement of our membership. One is by resolution at a duly called meeting, the other by referendum. Both are useful and valuable, but the last is far more important than the first.

Procedure by resolution is the common form used by all bodies for expressing combined opinion, and is used by us precisely as by others. Its obvious fault is haste—lack of time for consideration. The Chamber guards against this danger by providing that proposed resolutions shall be received forty days in advance of a meeting and circulated to all members thirty days in advance, except in the case of emergency where resolutions may be put before the meeting, provided they receive a two-thirds vote of the Board of Directors.

## Time for Consideration

**T**HE referendum is not open to this objection. It provides for time and broader consideration. It allows for the presentation of the other side of the question. That is why we prefer it for the more important subjects and why its results carry more weight. Procedure by resolution is not ineffective, however. We cannot be confined solely to procedure by referendum because of its limitations. It is obviously impossible to secure the consideration for measures submitted from more than 1,400 organization members for more than a limited number of subjects each year.

No such application of the referendum principle has ever before been attempted. In its use for gathering a concrete expression of opinion and as an educational document to aid in arriving at a just decision it is absolutely unique. Faulty as it may be now, capable of such great improvement as we expect to be able to give to it in course of time and experience, it is extremely noteworthy that no other organization, no organization representing agriculture or labor, before presenting its conclusions to Congress

attempts to ascertain an opinion from its members based on an unbiased presentation of arguments on both sides of the question.

Sometimes these referenda have dealt with long-time propositions, incapable of accomplishment except after years of education of public opinion. Sometimes they have dealt with emergency matters. Whether they have succeeded in whole, in large part, in small part, or have failed, they have never failed in the stimulation of business thought, in the creation of consideration by Congress of matters that might otherwise have been overlooked in fully justifying the amount of effort and self-sacrifice on the part of unremunerated committee members that went into them.

Pursuing a policy of open frankness and avoidance of anything smacking of secrecy, as soon as the results of a referendum are secured they are printed in a pamphlet which first shows the total vote on each question submitted, and then proceeds to set out alphabetically by States and cities the vote on every question submitted by every organization that took part in the voting. Not content with this, a summary of opinions and comments that were transmitted with the ballots is printed. This is sent to all members of Congress and to all member organizations. If a hearing is obtained before a Congressional Committee, the original referendum pamphlet and this record of results is submitted. It speaks for itself louder than the argument of any orator. The whole story is contained in it.

Further campaigning is not carried on on the Capitol Hill. We have no legislative agents. Our officers are seldom at the Capitol. The campaign is wholly directed toward public opinion throughout the Country, and is carried on through the organizations that subscribed to the referendum.

We have a department for the purpose of carrying on these campaigns. The number of propositions acted on by resolution or by referendum have become so numerous as to make this necessary. For each referendum to which we are bound a committee is appointed. Our member organizations are asked to appoint similar committees to work with them. These committees are asked to keep this matter before the public and before their representatives in Congress. Our campaign is not directed toward particular individuals with political or other influence. It is directed toward public opinion generally, and particularly business opinion.

All recall in what a parlous position business stood before the Government and before the public prior to the organization of this Chamber. The outrageous sins of the few had been attributed to the whole. Business, once the pride of America, was presented as its shame. Mindful of his constituents, it was only the boldest legislator in Nation, State, and city that was even willing to be seen in conversation with a business man, however white his personal and business character.

Does that condition still exist? We do

not encounter it ourselves. It appears to us almost to have expired and business is regaining its position of pride in public opinion. Has the open policy of this national organization in presenting publicly its requests for consideration had anything to do with this or has it not? I assert it has had a great deal to do with it.

This referendum, the key to our open policy, is so important to business men that all should seek to support it and work through it to a common purpose. Strip it of the mystery which seems to surround it and which makes organizations and individuals fear to tackle it. It suffers under a long Latin name. It is not necessarily the best means, and not one of universal application. It is certainly the best means available to us. Its disadvantage lies in the fact that it does not allow of amendment as the result of debate. Business organizations are called upon to answer "Yes" or "No" to the questions as submitted, nor as they would like to have had them submitted. But its advantages far outweigh this disability. A meeting of delegates of the Chamber is too large to permit of debate, deliberation and amendment; too crowded to allow the presentation of arguments pro and con. With all its faults it is far more convincing as to the real sentiment of American business, large and small, and scattered throughout the length and breadth of the land, than any other form of presentation that has yet been discovered.

## How to Treat Them

**W**HEN received by an organization it should present no difficulties in handling. It should be treated exactly like a question of large local importance—a building for a Chamber of Commerce, a port development or a housing program. If a local question comes before a body it proceeds by appointing a committee to study it and present a report with recommendations. This report is circulated and then a meeting is held to debate it, vote upon it, and decide it. Precisely the same procedure should follow the submission of a reference to an organization by the Chamber of Commerce of the United States.

The referendum presents a question which organizations are asked to decide. It contains arguments for and against to help them in their deliberations. It should be referred to a committee for study, precisely like a local problem. That committee should report its findings, the report of the committee should be circulated, and a meeting then held at which a decision is reached and transmitted to the National Chamber headquarters.

Here is no mystery. The National Chamber is not free to determine how the vote should be arrived at. If an organization is governed on the representative principle and its by-laws provide that the Board of Directors can determine questions for the organization, then that determination must be satisfactory to us on referendum. The vote which includes the consideration of the largest number carries the most weight.



# Manpower Plus Horsepower

The multiplication of American muscle through machines must continue if our industries are to keep their place in the forefront of the worldwide struggle for trade

By **GEORGE OTIS SMITH**

*Director, United States Geological Survey*



**T**HE central stations of the country generated and sold 13 per cent more electric current last year than the year before; and in 1919 the output of electricity for the Nation's business and the people's convenience was about 5 per cent greater than in 1918. We are still power-hungry. Why?

Since 1904 the machine power used in this land of ours by the average industrial worker has increased from 2½ horsepower to more than 3½ horsepower. The only figure available to contrast with these generous allotments of energy is the 1.55 horsepower per British wage earner in 1907.

We are not surprised, then, when we find that the value of the product of the American workman is from two to three times that of his British cousin. The output per horsepower of machinery is more nearly comparable than the output per manpower, and so America's promise of the future in terms of international competition depends upon more and cheaper power rather than more and cheaper labor.

The steel industry, perhaps the best-organized business in America, is likewise the best illustration of the use of machinery to multiply manpower. In the modern steel mill we find everything motor-driven, with 5, 6, or 10 electric horsepower backing up each human worker, and in times of forced output the electric drive arises to the occasion

**H**UMAN SLAVERY exists no more in civilized countries. Yet we have slaves just the same. Instead of fellow beings, we have turning wheels that work for us.

The average Greek freeman considered that he needed five slaves to take care of himself and his family. That was about one slave to one free person. Greek culture rested on the bowed back of slave labor. The modern American family is much better supplied. There are five energy servants at work for each of us—twenty-five to a family of five.

Mr. Smith points out that America leads all countries in the use of mechanical power to back up the brains and hands of its workers. And there is the means by which we can hope to keep our lead over countries where goods are produced with more sweat and lower wages.—THE EDITOR.

and carries more than its share of the emergency load.

Or visit a big manufacturing plant like that of the General Electric Company in Pittsfield, Mass., and watch a skilled workman tending a group of automatic lathes, with an output equal to that of scores of

hand workers, and the answer is that 15 horsepower is here the measure of cooperation of the machine with the man. That workman is master of a goodly share of the energy of the universe.

More power is needed to transform more laborers into machine operators; more power will enable more workmen to replace toil with skill; more power will meet the demand for more products without longer hours of work. And cheap electricity broadly distributed over our country makes possible other benefits: the 600,000 electric washing machines sold last year surely promise labor-saving in the home on a scale that means a large increase of comfort to the home makers; and the small electric motor available for use on the farm or in the home workshop may help to solve the housing shortage and the urban-transit deficiency and the other civic problems that group themselves about our congested cities—the result of trying to do almost everything in one place.

The steam engine years ago centralized industry, but now it is to be hoped that the electric motor may follow the wires far from the central station and spread our industry over broader spaces and thus place American workmen in a more pleasing environment.

Edward Everett Hale charted the course of industrial development when he said that the extent to which the world had changed



the laborer who uses his body into the workman who uses his head was the index of civilization. The formula for modern industry is man plus mechanical energy, or, better expressed, it is man multiplied by his machines. The true measure of industrial progress is found in the amount of mechanical power used to supplement manpower.

For contrast with the present era of machine-aided civilization we naturally turn to the days of ancient Rome or Greece or Egypt, when hordes of slaves toiled both in the erection of those great monuments that have been called the "wonders of the world" and in the performance of the daily tasks of providing the necessities and luxuries. Manpower then made use of only the simplest laws of mechanics.

Several writers on the subject of power have estimated the numbers of energy servants in our employ, and these estimates are based upon the installed capacity of our prime movers, which is approximately 100,000,000 horsepower, or nearly one horsepower to each man, woman, and child in the United States. Using the equivalent of 10 manpower hours to the horsepower hour we find in this the suggestion that we each have the equivalent of ten servants to do our bidding.

But even mechanical power has some of the frailties of human power: capacity and performance are rarely equal. So, if we take the statistics of the energy output that we really utilize we discover that these energy servants work very short days, for, with the exception of the electric utilities, our prime movers do not give us anything like the equivalent of an eight-hour day in terms of their rated capacity. The steam locomotives, which represent perhaps 60 per cent of the total installed capacity, average only about a 7 per cent use factor, which brings down the average load factor to not much over 14 per cent.

These workers, represented by the water turbine and the steam engine, are tireless, it is true, and they are able to render continuous service as manpower can not, yet the fact is that we do not so use them. We may figure that we each have ten energy servants to help us in the world's work, but as they average only about 23½ hours a week a better statement would be that we each of us have the equivalent of five slaves working for us day by day.

You will note that this estimate is arrived at by figuring that with a 14 per cent load factor it takes nearly two installed horsepower to equal continuous horsepower for the human week of 44 hours. This quota of five energy servants for each of us is far in excess of what the Greeks possessed in the form of human slaves, five helots being, I understand, the power equipment of the average Greek freeman's family, or nearer one apiece, when Greek culture rested on slave labor.

The engineers making the special power investigation under the United States Geological Survey figure 125,000,000,000 horsepower hours as last year's output in the United States. Of this total of primary power, more than 82 per cent is credited to steam, a little over 15 per cent to water, and the remainder—less than 3 per cent—to internal-combustion engines. As to the uses, the division of this power is roughly: public utilities, 42 per cent; manufacturing industries, not including rented electric power, 28 per cent; and steam railroads, 30 per cent.

Much of the work that is done for us by these servants is done so far away that we are unconscious of what it involves. At least

four of the five slaves in whose work each of us can claim the larger share, owe their strength to coal. Here in the United States our per capita consumption of coal exceeds that of any other country, and we, ourselves, may sometimes wonder what becomes of the annual six tons or more allotted to each man, woman, and child. You and I well appreciate how many tons of coal we buy each year for our own household use, but we can only guess in a general way where the rest goes—to the railroads and furnaces and factories.

If we look at the power problem in our own country we are able to see the relative position of water, coal, and oil as sources of energy. Millions of horsepower, thousands of billions of tons, and billions of barrels are the measures of our Nation's wealth in these three resources, yet no comparison is possible except as we reduce these units to a common denominator—something more expressive of true value, which is their use by man.

To compare these three resources, then, we may start with the country's present total power requirements: if we take 50,000,000 horsepower as an average figure for the potential water power of the United States, without storage, we find that if fully developed and if used at the average load factor of today our rivers and streams would just about meet the country's present needs and would supply that amount of power for all time; moreover, with storage and an improved load factor they could provide a considerably increased output of energy to meet the growing demand.

Now, if, leaving our water-power resources to one side—indeed we have already left them aside too long—we try putting the whole power burden on our coal mines, we are able to make a direct comparison between our coal

resources and our potential water powers. There is in the United States accessible and available for future use an aggregate of about 2,500 billion tons of coal, not including lignite. Only about one-fifth of this is in the Eastern States, another fifth is in the coal fields of the Central States, and nearly three-fifths is in the Rocky Mountain and Western States. By adopting the best steam practice of today the present power requirements of this country could be met with coal for 57,000 years, although we know that long before the end of that period the greater depth of the coal mines and their increased distance from market would alone create power demands for mining and transportation that would considerably cut down the amount of power available for other uses.

None of us worries much about what will happen in 57,000 years, but there is one other factor to be considered, the point from which I started—making the most of our manpower. There is an impressive figure to be gathered from the balance sheet of the Alabama Power Company which compares a large steam plant with a hydro-electric plant operated under the same management and feeding into the same transmission lines. In terms of 1,000 k. w. capacity, it takes 13½ men to run the steam plant and the coal mine tributary to it. And how many does it take for the corresponding units in the hydro-electric plant? One-sixth of one man. The exact ratio is 84 to 1. Another comparison with coal is afforded by the statement that in Mexico one man can produce and transport to market the oil equivalent of the coal that it would take ten men in the United States to mine. These approximate comparisons of the labor cost of our different energy slaves may well be kept in mind, as we plan for the larger use of mechanical power.

## School for Secretaries Is Ready

Applications flow in for the courses that are to begin at Northwestern University on July 18

**A**RRANGEMENTS for the National School for Commercial Organization Secretaries at Northwestern University, Evanston, Illinois, are practically complete, the teaching personnel—both from the colleges and from the chambers of commerce—has been engaged, the courses have been definitely mapped out, and a flow of applications by prospective students has begun. The largest delegations of students so far enrolled come from Indiana and Ohio, but there are several from as far away as Texas and a considerable number from New England and other Atlantic States. The school will be in session from July 18 to 30 under the joint auspices of the Chamber of Commerce of the United States, The National Association of Commercial Organization Secretaries, and Northwestern University.

The courses offered will be of two kinds, fundamental and technical. Two hours a day will be devoted to the former and three hours and a half to the latter. The fundamental courses will be given by men who have attained national prominence in the college world, and several of whom in addition have first-hand business experience. These courses will give the students the background necessary to a real understanding of the problems which their work presents. The technical courses will be given by leading members of the secretarial profession. Three men are collaborating on each subject to be presented.

Each group is preparing a short book containing the most important points, copies of which will be given the students in typewritten form. The leader of the group will lecture for an hour and a half in the morning, and in the afternoon he and his associates will meet the class for a two-hour round table discussion at which the students will have opportunity to get more detailed information on specific points or to present their individual problems.

Those who will present the fundamental courses are:

Government, Benjamin F. Shambaugh, Professor of Government, University of Iowa; Transportation and Traffic, Homer V. Vanderblue, Director of Research, Denver Civic and Commercial Association, and Professor of Transportation, Northwestern University; Marketing and Distribution, Paul T. Cherrington, Secretary of the National Association of Wool Manufacturers, formerly Professor of Marketing at Harvard Graduate School of Business Administration; Economics, Homer V. Vanderblue; Business and Government, Ralph E. Heilman, Professor of Economics and Dean of the School of Commerce, Northwestern University; Effective Speaking, Ralph B. Dennis, Director of the School of Speech, Northwestern University, formerly U. S. Vice-Consul at Moscow; Psychology, Charles H. Judd, Head of the Department of Psychology, University of Chicago; Business Organization, Arthur E. Swanson, Former Professor of Business Organization,



STRAIGHT LINE METHODS

## Courage in Business

All modern industrial and mercantile expansion depends upon courage. It explains progress. It determines the limits of individual success. It is the physical expression of confidence and belief.

Business moves forward only so far as it is led by men with the vision of new conditions, new ideas, new forces, new methods—*and the courage to put them through.*

Business weaklings are left behind at the end of every period of inflation. Courage is not governed by conditions; it controls conditions. It not only recognizes, but eliminates, weak organization, mistakes, inefficiency.

Courage is inspired by knowledge. Knowledge dispels fear. Knowledge of your business—timely and dependable Facts and Figures from every department—points out weakness and waste; while knowledge of better methods, *with courage*, eliminates them.

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DENVER

STRAIGHT LINE METHODS



Northwestern University, and former member of the Executive Board of the Firestone Company, Akron, Ohio.

Those who will present the technical subjects are:

**Organization (What It Is):** J. A. McKibben, General Secretary, Boston Chamber of Commerce, assisted by John Wood, Secretary, Roanoke, Virginia, Chamber of Commerce, and Colvin B. Brown, Chief, Organization Service Bureau, Civic Development Department, United States Chamber of Commerce.

**Program (What To Do):** George E. Foss, General Secretary, Pennsylvania State Chamber of Commerce, assisted by Robert B. Beach, Business Manager, Chicago Association of Commerce, and John E. Northway, Secretary of the Hamilton, Ohio, Chamber of Commerce.

**Meetings (How It Is Done):** John M. Guild, General Secretary, Kansas City, Missouri, Chamber of Commerce, assisted by J. S. Cady, Secretary, Minneapolis Civic and Commerce Association, and J. T. Daniels, Secretary of the Columbus, Ohio, Chamber of Commerce.

**Membership:** C. F. Holland, Secretary, Jackson, Michigan, Chamber of Commerce, assisted

by Paul V. Bunn, General Secretary, St. Louis Chamber of Commerce, and Roy S. Smith, Secretary, Albany, New York, Chamber of Commerce.

**Finance:** J. D. Larson, Commissioner, Omaha Chamber of Commerce, assisted by Arthur J. Dodge, Business Manager, Denver Civic and Commercial Association.

**Publicity:** Ralph H. Faxon, General Secretary, Des Moines Chamber of Commerce, assisted by F. Roger Miller, Secretary, Macon, Georgia, Chamber of Commerce, and Merle Thorpe, Editor of THE NATION'S BUSINESS.

**Office Organization:** S. C. Mead, Secretary, Merchants' Association, New York, assisted by G. W. Lemon, Secretary, Troy, New York, Chamber of Commerce, and F. D. E. Babcock, General Secretary, Worcester, Massachusetts, Chamber of Commerce.

**Specific Departmental Activities:** (1) Commercial, Lee H. Bierce, Secretary, Grand Rapids, Michigan, Association of Commerce, assisted by John B. Reynolds, General Secretary, Indianapolis Chamber of Commerce, and Warren R. Jackson, Secretary, Harrisburg, Pa., Chamber of Commerce; (2) Industrial, Walter Parker, General Manager, New Orleans

Association of Commerce, assisted by Emmett Hay Naylor, Secretary, Writing Paper Manufacturers' Association, New York, and W. S. Milliner, Secretary, Williamsport, Pennsylvania, Board of Trade; (3) Civics, Roland B. Woodward, Secretary, Rochester Chamber of Commerce, assisted by Harry Welch, Phoenix Chamber of Commerce, and John Ihlder, Manager, Civic Development Department, United States Chamber of Commerce; (4) Research, John M. Redpath, Manager, Research Department, United States Chamber of Commerce, assisted by Don E. Mowry, Secretary, Madison, Wisconsin, Chamber of Commerce, and Joseph E. Caine, Secretary, Oakland, California, Chamber of Commerce.

Munson Havens, Secretary of the Cleveland Chamber of Commerce, will lecture on, "The Secretary, His Relation to the Various Forms of Service, What Is Expected of Him and What He Should Expect of Himself."

Inquiries from prospective students and applications for admission should be addressed to, The Board of Managers, National School of Commercial Secretaries, Harris Hall, Northwestern University, Evanston, Illinois.

## No. 33 Rue Jean Goujon

A human picture of the headquarters of the International Chamber of Commerce in Paris, with an account of some things it has done to smooth the commercial intercourse of peoples

By SILAS BENT

EVERY weekday noon, in a famous mansion just off the Place de l'Alma, in the most fashionable quarter of Paris, a curious company gathers. Men and women and boys representing half a dozen nationalities come together in what has been the housekeeper's room, in the basement.

That handsome mustachioed man who strolls in and takes a seat at the oilcloth-covered table wherever he finds it is a celebrated senator, who throughout the war served as Cabinet Minister for one of the chief belligerents. The slightly graying man in black-rimmed glasses has held a high post in a great nation's war department, as well as a high post in an organization of mercy—the Red Cross. There is a Dutchman, who served from the outset of the World War in the French army, and an Englishman, who was Head Boy at Rugby—a coveted distinction in his country. Still another is a scholar of international reputation, author of a standard work—although he is French—on the Chartist movement in England. All the younger men fought in the World War, all were decorated, most of them wounded. But who are the young ladies? Why, they are typists, secretaries, file clerks. And who are those youths? Oh, they are office boys.

This strange assembly comes together daily for the *popote*, which is French army slang corresponding to our word mess. Here you have, eating a lunch which costs about thirty-five cents, and eating with cordial informality and good humor, the Paris headquarters staff of the International Chamber of Commerce.

The mustachioed senator, therefore, is M. Etienne Clementel, president of the International Chamber. The man in black-rimmed glasses is Mr. Frederick P. Keppel, American administrative commissioner. And so it goes. Lunch is eaten in the basement because the dining room of this noble mansion, which is put at the disposal of the Chamber through the courtesy of the French Government, is used for meetings of the board. In that

NEVER was the interchange of ideas on international problems more needed than now, when the whole world is suffering the aftermath of its greatest war; and the first conference of the International Chamber of Commerce, which is being held the week of June 27 in London, presents a remarkable opportunity for the consideration of remedial suggestions. The main theme to be considered is the restoration of the world's commerce. A brief outline of the contribution to be offered by the large American delegation was presented in the last issue of this magazine. There will be general and group meetings, and the important group which is to consider the questions of transportation and communication is headed by an American, Walker D. Hines.

An account of the meeting will be presented in the August number of "The Nation's Business."—THE EDITOR.

part of Paris there are no inexpensive restaurants, and so the members at headquarters club together on their lunches, which are arranged for by the typists, each taking her turn for a week. Those who share the lunches supply their own knives and forks and china, and their own napkins. The manner in which the whole staff lunches together is worth telling because it illustrates fairly the spirit in which the whole staff pulls together.

As a dwelling place the mansion at No. 33 Rue Jean Goujon is admirable, but as a place in which to transact international affairs it has serious limitations. You can't, for example, entirely camouflage bathrooms which must serve as offices. The pay is small. The hours are long, as regards everybody from M. Clementel to the office boy. A

pull-together spirit is necessary if such an organization is to function successfully.

M. Clementel brings to the International Chamber a profound knowledge of government, of the machinery of government, and an international acquaintance such as is possessed by few men in the United States, Herbert Hoover, for example. Edouard Doleans, the secretary general, has taught political science in French institutions of learning, and brings to the organization a wide acquaintance with scientists and experts—but there is no need to make this a roster of personnel. These men are the formal and regimented portion of the Chamber. For contact less formal each member nation is represented by an administrative commissioner, who is the liaison officer with his own country, and is on duty continuously. He is there between meetings of his National Committee, at which action may be taken on suggestion from the local chambers, who really govern the International body. Mr. Keppel acts in that capacity for the United States.

Let us see what these administrative commissioners are doing: There was the case of vessels belonging to the United States Shipping Board which had come to a misunderstanding with the authorities of a certain port in Europe. The situation was embarrassing, and was of such nature as to slow up trade and the movement of ships. It was not, however, a matter for diplomatic representations. Ordinarily the only way would have been to worry along as well as might be, however long the situation might continue to clog things up. But through the International Chamber the situation was laid before the Shipping Board at Washington, and the matter was speedily adjusted.

Then, there was the case of the French firm which was listing a certain product as American-made. The French firm was making it, but it is the kind of product which is associated in the European mind with Yankee ingenuity. The International Chamber got





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A. B. Dick Co., Chicago, Ill.  
Naugatuck Malleable Iron Wks., Union City, Conn.  
Berkshire Knitting Mills, Reading, Pa.  
W. Duke Sons & Co., Branch Liggett & Myers  
Tobacco Co., Durham, N. C.  
Durham Hosiery Mills, Durham, N. C.  
International Motor Co., Mack Plant, Allentown, Pa.  
Indiana Bell Telephone Co., Indianapolis, Indiana  
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word of this, and took up with the French firm, in friendly fashion, the question of ethics involved.

"Why, of course, we will change the listing," said the French merchant, in effect. "Really, I thought it a compliment to America! But if you want me to say it was made in France, I will list it so with pleasure."

And another irritation of international commercial intercourse vanished as though by magic.

### An Ancient Barrier

SUCH instances might be multiplied to the point of tedium. One more will suffice. It requires a brief backward glance into history, because the International Chamber of Commerce has already begun smoothing out some of the difficulties wished onto posterity as a heritage from fighting ancestors. You may or may not remember that the French-Austrian War of 1859, in which Italy sided with France, was concluded by a treaty made at Villafranca, at which there was some juggling of territory. Victor Emmanuel II gained the liberation of Lombardy, but he was required to cede Nice and the subalpine province of Savoy to Napoleon III. (This was but part of the juggling, but it is the part which concerns us here.)

Diplomats established the boundaries between Savoy and Italy, and diplomats are notoriously disregarding of mere commercial necessities; and they made a small, tortuous river, not susceptible of navigation, part of the line. They took no cognizance of the fact that, in sending goods from Nice into the commercial cities of Lombardy, it would be necessary to cross that boundary four times in the Roya Valley. That was what happened. Every shipment of commodities along the natural highway between Nice and Italy must go through four custom-houses. As a consequence, very little goods move. Custom-houses are time-consuming and expensive. And for generations the diplomats of France and Italy have been wrestling with the problem inherited from Villafranca. Both Savoy and Lombardy wanted to enjoy trade. But diplomats are concerned with sovereignty and that sort of thing. And a diplomat cannot, with proper dignity, do anything more than pay compliments to the diplomat of another country. He cannot yield anything. He would rather shoot.

Now, the Chamber of Commerce of Nice, which is a member, set this as a little problem for the International Chamber to chew on. The Chamber at Nice took up the boundary question in a serious way with its National Committee, and the National Committee referred it to the right person in the mansion off the Place de l'Alma, and thence it was taken up with Italian chambers concerned. (Every local Chamber of Commerce in Italy, it may be said in passing, is already a member of the International body.) And as a result a committee of business men from Savoy and Lombardy went over the field to see what could be done about remedying the complications caused by the winding little boundary river. Was there any spot they could agree on as the situation of a single custom-house, to replace the four custom-houses which stood like walls between their businesses? There was such a spot. They did agree.

Of course this arrangement must yet be

ratified by the two governments. It is not unreasonable to hope that it will be ratified. But the point of interest to this narrative is that, through the International Chamber, an agreement has been reached which diplomats have been striving in vain for generations to accomplish.

There are many such boundary tangles to be straightened out in Europe. Not long since there was a Transit Congress at Barcelona, to consider vexing problems of transportation and communication, at which thirty-seven governments were represented. It was strictly a governmental affair, and it was a distinguished assembly, sprinkled with Cabinet Ministers and diplomats and experts. But of the 140-odd delegates present, it is probably safe to say, not one knew from practical experience how to send a bill of goods across an international boundary. None had the business angle. At the Congress of the International Chamber to be held in London beginning June 27, Walker D. Hines, who is chairman of the International Committee on transportation, will analyze the findings at Barcelona. But he will view them from the standpoint, not of the diplomat, but of the business man.

The International Chamber, clearly, although less than a year old, is a lusty youngster, already making its own way in the world. At the headquarters in Paris the staff works all day and often far into the night.



This is the house, itself.

Every paper which starts out in one language must be translated into two others. One of the things the members must do is to encounter all manner of enthusiasts and some cranks. Everyone who has a "bug" finds his way sooner or later to a new organization of this kind. Setting aside the cranks, the members have met men who wanted to reform the calendar, make the metric system universal, standardize everything from the raw materials to the finished product, conserve fuel, establish sea ferries for ocean transport,

institute an international exchange office for young men educated in the business of countries other than their own, and so on. Many of the ideas have real merit, some of them are controversial, and nearly all of them involve delicate questions as to whether it is the International Chamber's duty to take a hand.

Mr. Keppel came to America to attend the annual convention of the Chamber of Commerce of the United States in Atlantic City, and told how the International Chamber was taking hold in Europe. It was he who brought the news that all the Italian local chambers had joined, and most of those in France, Belgium, and England.

### A Big and Practicable Idea

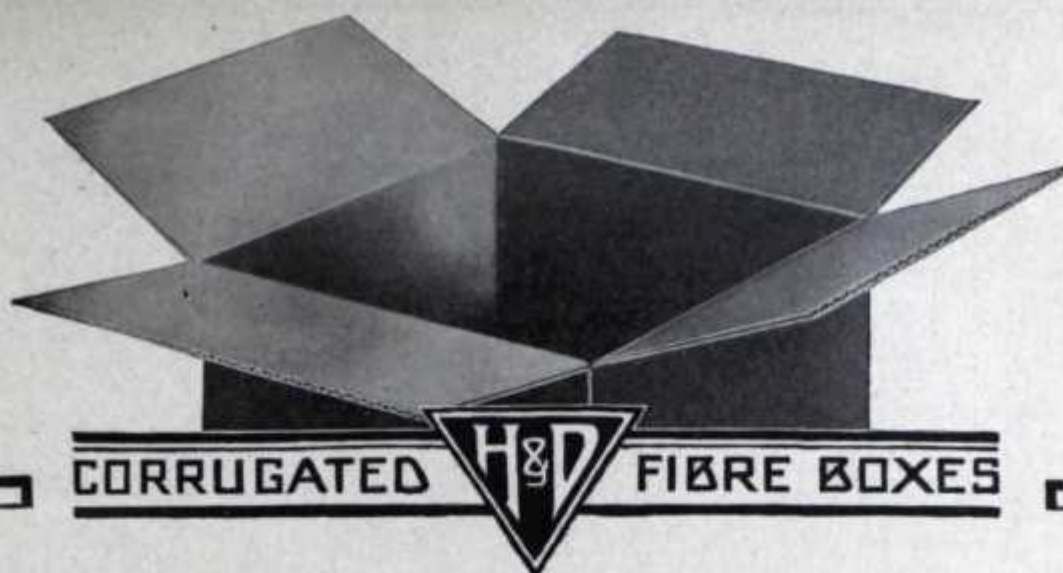
AT every committee meeting and every meeting of the board in Paris," he said, "men are present from all parts of Europe—and they come at their own expense. At the last meeting of the board, not only were the British vice-president and the three British directors present, but the three alternates also. They considered the meeting so important that they came across the Channel to attend it.

"I am confident that the London conference will establish the International Chamber in the public mind as a big and practicable idea. It is an American idea, and Europe has taken hold of it eagerly. Each American local Chamber of Commerce must decide for itself whether it wants to be a member, and it rests with them what the voting power of the United States is to be in the International Chamber. And individual business men and their firms have their responsibility, too. Upon their interest and support, as evidenced in memberships and dues, depend in large measure the financial stability and future growth of the International Chamber. In Europe, organizations of this type are usually supported by government subsidies, but the International Chamber, acting on the advice of its American and British directors, will accept no government subsidies, but determined to stand on its own legs. It requires the support of business men with vision, and the support and voting power of local Chambers. In my opinion, it has already proved its usefulness, and, as time goes on, the proof will be multiplied and the usefulness will expand.

"As I listened to Mr. Goodwin's address at Atlantic City on the accomplishments of the Chamber of Commerce of the United States, I thought how proud the men in this great audience must be who had realized, even in the days of its small beginnings, how great a potential force there was in this idea of a National Chamber of business men, working together for unselfish aims, and who backed that idea when support was so vitally needed. Later, when the same audience was listening to Mr. Bedford,

I wondered how many of them would remember his words after they got home and would both apply for associate membership themselves and would see that their home Chamber took out an active membership in this International Chamber. Those who so remembered will have been witness to the fact that in the International organization lies the possibility of extending to a world-wide scale this idea, which the success of the National Chamber has demonstrated to be practicable on a nation-wide scale."





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# "We're Going Through a Healthy Sickness—We'll Be Much Better Off When It's Over"

By ARCHER WALL DOUGLAS

**I**T IS the short open season for crop experts, whose days, if few, are full of trouble, which they discover and tell about. How seriously they are taken by the speculators in the grain pit may be judged by the violent, daily fluctuations in prices often entirely unwarranted by actual conditions.

These same higher prices had nevertheless the effect of causing a greater flow of wheat from the farm to market while they prevailed. There is no reason to believe that these prices were other than speculative, since the course of prices for months previous was such that there was always plenty of

favorable conditions, and with prospects of a very small output if things do not go well in that long growing season, full of possible vicissitudes.

At this early stage, estimates of a possible cotton yield, drawn from an estimated condition and acreage, are of interest only to those who have lost their sense of humor, and still have faith in the efficacy of such mathematical equations. The story is of more livestock in the country since the first of the year, and in generally good condition, save in Arizona and New Mexico where drought burned up the ranges.

Also dairy cows and poultry are on the increase in all sections

## Business Conditions, June 11, 1921

**THE DOUGLAS MAP** shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



wheat to satisfy the natural demand, despite the disinclination of the farmer to sell on a constantly declining market.

Meanwhile, at this writing, the sober facts are, while winter wheat has lost something of its promise of May 1st, it is nothing more serious than usually attends preharvest days, and there is still the outlook for an abundant crop of somewhat greater volume than last season. Spring wheat is in fine shape with a good stand and abundant moisture in the soil. Beyond this nothing can be said, for spring wheat's worst troubles usually come in the last days of its growth, and like a thief in the night.

There is a large acreage of corn this year, especially in the South, which purposes to feed itself and its livestock this season as far as lies within its power. There are generally all sorts of forage growing in all sections, with a great hay crop already in sight and more vegetables and garden truck in existence and coming on than a twelvemonth ago. The rice acreage will be cut because of large stocks carried over from last season with but scant present demand. Nor does it seem likely that there will be as many sugar beets raised as in 1920, because the Humpty Dumpty prices of sugar had a great fall.

Cotton acreage is far less than was generally thought possible, apparently around 30 per cent less than a year ago, with the plant in rather poor condition in the Southeast and Central South and somewhat better west of the Mississippi river. There is apparently no likelihood of a large yield, even with the most

as necessary adjuncts and by products of every farm. But the very low prices of dairy products and eggs are not encouraging to the farmer at present.

There will not be much fruit this season, save that which comes late, such as watermelons, cantaloupes and the like, along with plenty of strawberries and blackberries. The exceptions are found in sections as far apart as the great irrigated States of the far Northwest and the peach raising districts of Georgia and North Carolina.

On the whole there seems assured an abundance of all agricultural products, far more than our needs demand, and with the problems of more remunerative prices to the farmer and a larger export outlet still awaiting solution. There is also one contingency, the weather, that bears strongly upon ultimate yields. In most of the country between the Rockies and the Appalachians it is essential for good crop yields that there be sufficient precipitation in June and that these rains continue well into July. Otherwise, there is serious danger of drought, the most destructive of all of Nature's hostile forces to growing crops. The weather during June and July is the one factor of supreme importance in all things agricultural.

Continued on page 38



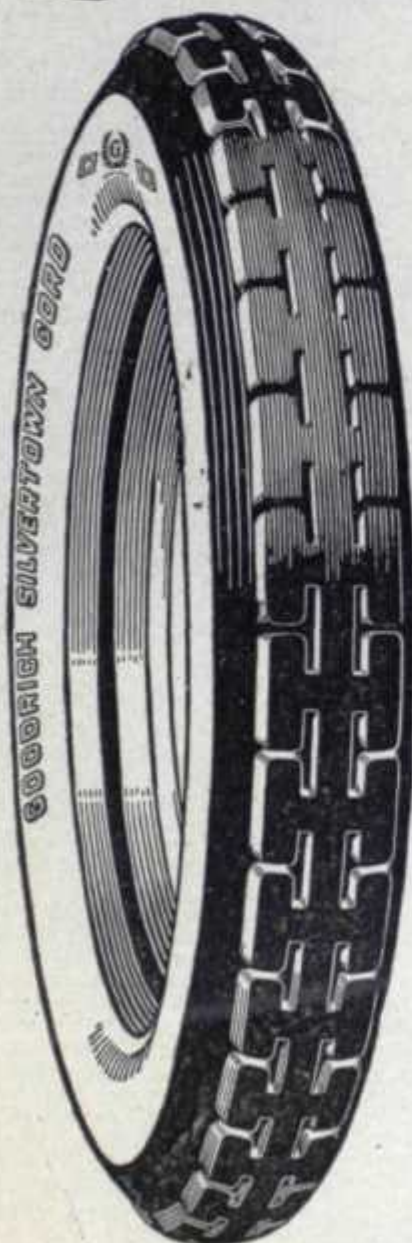
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32×4	\$41.85	\$3.55
33×4	\$43.10	\$3.70
32×4½	\$47.30	\$4.50
33×4½	\$48.40	\$4.65
34×4½	\$49.65	\$4.75
33×5	\$58.90	\$5.55
35×5	\$61.90	\$5.80

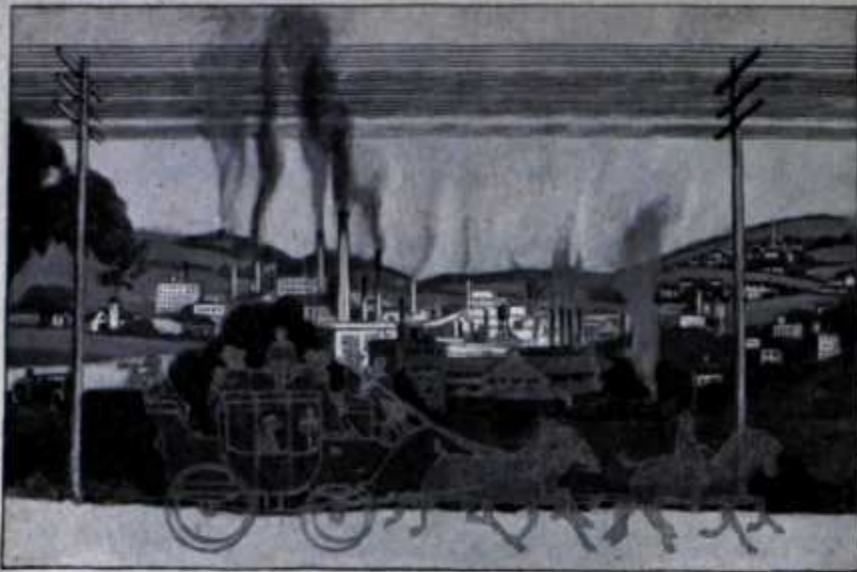
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"... places far apart are brought together, to the present convenience and advantage of the Public and to the certain destruction, in time, of a host of petty jealousies, blindnesses and prejudices, by which the Public alone have always been the sufferers."  
From Charles Dickens' Preface to *Pickwick Papers*.

# The Advance of Understanding

Even romance of sixty brief years ago could not imagine the great advance heralded by the passing of the stage coach. The railway and telegraph were coming into their own; but the telephone had not been so much as dreamed about.

Yet the wise men of that day saw the imperative need. They saw the value of every step which brought people into closer communication with each other. They knew this to be the one way to

increase understanding; and to eliminate the "host of petty jealousies, blindnesses and prejudices, by which the Public alone have always been the sufferers."

Then came the telephone. And with its coming time and distance are swept away and a hundred million people are made neighbors.

Places far apart are brought together by 34,000,000 conversations a day over the Bell System.

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The settlement of the amount of the German reparation fund and the payment of the initial installment are generally regarded as a very definite step in the long road to rehabilitation that Europe must travel. So likewise in this country the railroad problem seems on the way to ultimate solution, with the first serious reduction in operating costs and the beginning of reduction in those high freight charges which are so burdensome a handicap upon the business of distribution.

The various phases of industrial life are in much the same boat, the differences being in degree rather than in kind. The leather industry feels that the worst is over, while the metal lines are not so sure that the bottom has been reached in prices. Automobile buying has slowed up somewhat. Recent declines in prices of some makes of automobiles will ultimately have the tendency to induce buying where it is believed that prices have reached bottom for the time being.

Textiles show slow progress. An interesting phase in dry goods indicates that women are exercising their usual resourcefulness and ingenuity by returning in large numbers to the making of their own dresses as a matter of economy. In view of the female apparel of the day, this industry seems to require a display of taste and imagination rather than a matter of quantity.

Building is very spotted, here a little and there a little, with no great activity anywhere. So the one possibility of imparting stimulus to business is being postponed to another season because of the continued and utterly unnecessary high cost of construction.

What those who are maintaining these high costs seem utterly unable to realize is that they are playing tag with fate, and sooner or later they will have to yield to the inevitable. The impulse to building which usually comes from warm weather seems of small moment at present in view of the all important problem of the costs of material and labor.

The fast growing realization of the vital need of widespread construction is emphasized by the increasing percentage of building permits for residences, for the home is not a matter either of business nor of investment but the expression of the natural and innate desire for proper housing and environment without which the family cannot long exist. Moreover the difference between a progressive and prosperous country and one that is stagnant and retrograding is the difference between one where all forms of construction and development are in active operation and one that is content with the buildings and productive ways it inherits from the past. Construction in all its numerous phases is the one industry which calls for constant new material from every branch of trade for creative purposes in addition to that required merely for replacement and repair.

In a word, the situation is much the same as for some months past and as it is likely to continue in its essential features till the coming harvest is over. An abundance of all agricultural products for which there is inadequate demand and unremunerative prices. An enormous potential production in every phase of industry that is only partly in operation, and with consequent heavy burden of much unemployment, which shows but little change for the better. A gradual, though often painful, readjustment of conditions and methods to changed circumstances. And withal, a constant and insistent query as to when business will commence to climb the long grade to permanent improvement, and take on a hue of cheer and encouragement.

It is a query to which no answer is to be had from figures and statistics of material



things, nor yet from those charts and systems which vainly seek to disclose a Sphinx-like and inscrutable future. Nor yet from the past, since we are confronting new and untried conditions, foreign to our experience. Fortunately, there comes to us from a nationwide survey the story of the spirit of the people, the one thing that we can rely upon as our guide and dependence. It is essentially a sober and thoughtful spirit, tinged with common sense and judgment. It has full realization of the seriousness of the present situation and of the likelihood that it is far from being merely a passing phase. Consequently it fails to get comfort from those well meant but futile efforts which prophesy an early return to stable conditions.

It is a feeling and spirit expressed in homely phrase by a travelling salesman in the Northwest, "we are going through a healthy sickness, we will be much better off when it's over."

It is, above all things, a constructive spirit which proposes to take an active hand in the

game and not to trust to Providence alone to lead us out of the maze in which we are wandering. This creative and constructive spirit finds definite expression in many ways. In the concrete proposition to finance credit for Europe that there may be resumption of the natural exchange of commodities between us, for this is one of the paramount issues of the day. In the resolute grappling with the vital domestic problem of putting farming on such basis as shall prevent it, as far as possible, from being so largely a gamble with chance in the distribution of its products. In a surgical-like operation, if necessary, to bring the costs of operations of all businesses in conformity with reduced volume and lessened percentages of profits. All of these things are under way and gradually their effects will be apparent.

This spirit of the many has vision, when these things are accomplished, of a far greater and more unified America than we have known before.

## Nation's Business Observatory

The hope that lies in Hoover—Speculation on German reparations—  
The railroad retort to lumbermen's complaint of rates

A POLITICAL OBSERVER said recently that one of the biggest handicaps with which Secretary of Commerce Hoover would have to contend was that too much was expected of him. That much is expected is shown by the comments from the trade press on his Atlantic City speech, in which he promised aid in gathering statistics, and his recent conferences with business men. One thing stands out, that industry is awake to its need of better information if it is to avoid trouble.

There is much uncertainty as to what effects the German reparations settlement will have on America, but if there is fear of an unloading of German goods, this is offset by a feeling of relief at "having it over with."

Are high freight rates the cause, even in part, of business depression? Below are printed a charge and an answer—the charge from an industry which claims to have suffered greatly, the answer from a railroad whose prosperity is closely linked with that industry.

SECRETARY HOOVER'S declaration that business needs knowledge of production, consumption, and stocks that shall be "more timely, more regular, and more complete" is widely quoted and very generally approved by the trade press of the country. To this approval is sometimes added a note of doubt as to the Government's ability to supply such information. There is, however, a widespread recognition of Mr. Hoover's ability as an organizer and a feeling of gratitude at his willingness to invite the cooperation of business in laying out his program.

There is a disposition, too, to recognize the fact that when such information comes through private channels it has, as the *Oil, Paint and Drug Reporter* says, "been misused to the detriment of the ultimate consumer." Conceding that as an evil "in a few instances," the *Reporter* says of the Hoover statement:

He relies upon governmental functioning through the collection and dissemination of information having to do with the production and consumption capacities and operating scope of the various industries. He has also some thought that the dissemination of information as to primary costs may be beneficial in connection with certain commodities, not only to the public but also to the industries concerned. The possession of such information by the public, by the producer, and by intermediate consumers or handlers, he believes, would tend largely to stabilize markets.

The belief expressed by the Secretary of Commerce in the stabilizing potency of industrial statistics is one that is shared to a considerable extent by all students of economics who have

got beneath surface indications and have accepted the fact that knowledge of the capacities and scope of an industry need not result in manipulations to maintain inflated prices, even though the information be kept within the boundaries of the production and distribution divisions of the industry.

The *Iron Age* raises the point of government ability to do this work and puts the problem into terms of its own industry:

The present statistical machinery of the Government is not what it should be. Data of value now collected are often too old when issued and in some cases do not enjoy public confidence. Good work has been done by the U. S. Geological Survey on the production statistics of coal and coke and petroleum, but these figures tell only half the story. The more difficult task of getting at stocks is yet to be organized.

In the steel industry the monthly steel ingot statistics of the American Iron and Steel Institute and the pig iron figures of the *Iron Age*, issued almost at the beginning of each month, are of great value as an index of the industry. But as respects pig iron there is need of authentic monthly statistics of stocks. Some years ago nearly all producers reported their stocks to *The Iron Age*. There were those who objected to the publication of these figures in unpromising times and their collection was given up. In recent years various sectional pig iron associations have gathered statistics of stocks for the benefit of their own members, but what are wanted are authentic figures, made available for consumers as well as producers.

Secretary Hoover may be over sanguine as



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to the extent to which fuller information will prevent business dislocation. Last year the main trouble was that in the minds of many men, no matter what stocks might have been shown to exist, there was entire confidence that "for a year at least" (that was the way it was commonly put) demand would keep up on such a scale as to justify such stocks. But that was a phase of the post-bellum malady. It may well be that one of the lessons of the present depression will be the necessity of more careful and consistent study of all the facts of supply and demand, and that under the leadership of such an organizer as Mr. Hoover industry will come to a new realization of the value of the scientific method.

The deplorable disclosures made by the Lockwood Committee's investigation into building trade conditions in New York have done much to make the public suspicious of associations of industry whose outward purpose is the gathering of information. As the *Engineering News-Record* puts it:

"In the sweeping condemnations that have been made, as exemplified in the one-sided Lockwood investigation, there is no admission whatever that figures may result in good for the public, much less of the fact that they are necessary for the stable conduct of business and thus have a positive bearing on the welfare of every citizen."

The *News-Record* thinks that if "figures were given to the public" there would be a lessening of the "strong temptation when information is held within the industry to allow it to be used as the starting point of collusive operations."

With this danger and this remedy in mind the *News-Record* goes on to say:

The object, within industry, to be accomplished by full statistical information is to secure a more intelligent guidance of industry and trade. Every business man makes constant efforts to ascertain what his competitors are doing, and though it may take time he eventually does learn what they are doing and guides himself accordingly. But while getting the data his business may suffer grievously. There may be serious over-production with consequent heavy bank carryings, sharp lay-off of employees, and all the other evils which go with organization disruption, and idle industrial plants. Full information of what is going on in the industry allows tendencies to be sensed at the very start, and the application of remedies that will assure the flattening of the peak. This tends to a healthier industrial condition—which is of universal advantage.

The dissemination, whether through open-price associations or a government agency, of price information, as distinguished from production information, also tends to eliminate the "competition of ignorance." Underselling of fair prices by those with no knowledge of their costs is a common industrial evil. Such practice eventually eliminates the unfortunate individual, but not until the public has paid the bill through liquidation.

Such sentiment is building up against open-price associations that they are quite likely to be prohibited by law, even if under the present court proceedings they are found not to violate the anti-trust laws. If that should result some other means to the same end must be found. The government collection and dissemination of data offers a solution.

The *Textile World* hopes to see the Government go still further in the field of gathering and spreading of information. It would apparently welcome an inquiry into production costs. This is its view of the possibilities of the Government as a clearing house of information:

It is violating no confidence to state that it is Mr. Hoover's firm opinion that a valuable

## With Apologies to Mr. Edison

1. What famous co-operative discount service has been serving American housewives and merchants since 1896?

2. When a merchant's business is running on about a 70% credit—30% cash basis, what should he do?

3. What discount for cash enables millions of housewives to practice Thrift in a sound and practical way?

4. By what means do progressive merchants build good-will, quick turn overs, and cash business?

5. Upon what old and sound principle is the greatest retail co-operative discount service founded?

6. What merchandise is purchased from nationally endorsed manufacturers, not resold at a profit but given to Thrifty housewives in exchange for a unit of value?

### Answers

1. The Sperry Service—*2H* Green Trading Stamps.

2. Give *2H* Green Stamps as a discount for cash and reverse the figures.

3. The *2H* Green Trading Stamp.

4. By means of the Sperry Service.

5. The principle that cash customers are entitled to a discount, just the same as a merchant receives a discount from the manufacturer.

6. The merchandise given in exchange for *2H* Green Stamps.

**THE SPERRY & HUTCHINSON CO.**

114 Fifth Avenue

New York



guide to business conditions can be constructed as a result of correct statistical information provided by basic industries as to their production of merchandise and subsequently as to the cost of operation. The selection of these industries as bases for calculating a chart of business conditions is the problem now in hand.

To come more specifically to the point of contact between the Department and the textile industry, it should be pointed out that while there are already available certain figures of production through existing departments of the Government, yet it is believed that these can be developed and made more valuable for the industry itself, once it is understood that the information is sought not from any inquisitorial standpoint, but for the single purpose of developing a graphic picture of conditions so that the manufacturer can eliminate a proportion at least of the gambling chances that he takes in the conduct of his business. A combination of production curves extending over a certain period will give the manufacturer a better idea of his own business and of the possibilities of the future than any reports which he may receive from business agencies or from his competitors.

We would urge manufacturers generally to cooperate to the extent of their ability in providing the Government with the fullest possible information on their production activities, feeling that the results to be obtained by this cooperation will demonstrate the desirability of carrying the process further in the fields of cost and possibly of price tendencies.

### Another Sufferer

THAT the leather trade has "suffered for years from lack of specific statistical information" is admitted by *Shoe and Leather Reporter*, which goes on to say:

Practically all the important, basic industries have some sort of statistical organization, but are not able to obtain the best results because of the lack of authority to compel firms and corporations to report the quantities of raw stock and finished product on hand or afloat. Theoretically, statistics of trade gathered and compiled under authority of law by a Government department would be an ideal arrangement, but this brings us to another consideration.

It is interesting to conjecture what would be the effect of an active, virile department of statistics which would function efficiently and quickly. The influence upon the industries would be good, but what of the effect upon the public which has been taught to believe that big business is corrupt, that stocks are too large and invariably accumulated for the purpose of artificially raising prices.

It is one of the curious anomalies of the times that while the manufacture of commodities, to sell at reasonable prices, can only be possible under a system of quantitative production the people have been led to believe that big business is a crime and large stocks of merchandise a device to despoil the public.

"Have faith in Hoover" seems almost a slogan in the business press just now, but the *Dry Goods Economist* points out that a fundless Hoover is not so much better than no Hoover at all. Says that organ of the retail trade:

It is, unfortunately, a fact today that the accuracy of figures collected and compiled by the Department of Commerce (as of the statistical work of other governmental agencies at Washington) is frequently open to question. Serious errors were recently acknowledged in the monthly statistics relative to imports and exports. And the cause of these mistakes was that the work had of necessity to be entrusted to an employee who was in receipt of the princely salary of nine hundred dollars per annum!

Is it any wonder, then, that Secretary Hoover



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July 7  
Institute of American Meat Packers  
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American Industrial License Lenders' Association  
September 22 to 24  
Independent Oil Men's Association  
October 11 to 14  
Delta Kappa Epsilon  
November 30 to December 2

Since the opening of THE DRAKE, January 1, 1921, more than fifty organizations (the majority of a national significance) have held their conventions there.

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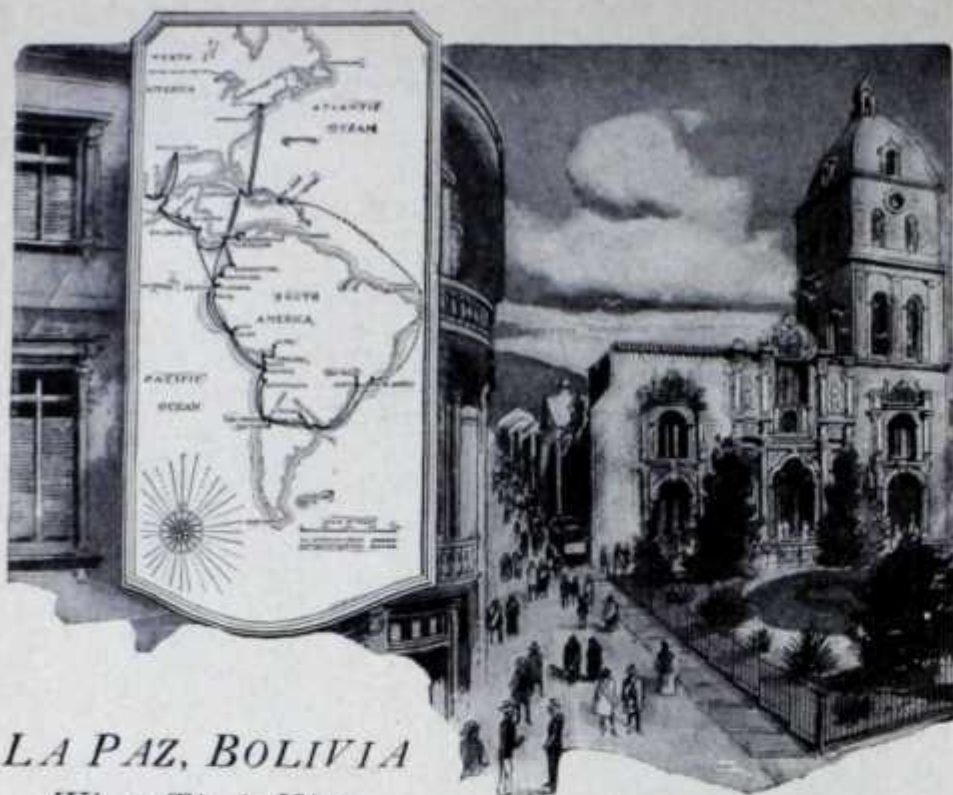


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*Where Tin is King*

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# ALL AMERICA CABLES

is asking for more funds with a view to making certain that accuracy shall be inherent in the figures got out by his Department? Here, indeed, is a case of "what is worth doing at all is worth doing well."

Again, figures are of little value unless they are issued promptly and thus made available at the time they are needed. At present in the Commerce Department, as in other Government agencies, statistics and other information in most instances come out so far behind the time at which they ought to be published as to be of little use to the business men to whom they might have proved so valuable. This delay is far from being directly the fault of the Department. It is the result both of underpaid employees and of an insufficient number of employees.

The remedy for the existing condition is obvious. It can be expressed in two words: more money.

## German Reparations and Our Trade a Vexed Question

**S**ATISFACTION with the settlement of the German reparations question, as expressed in financial papers generally, takes the "thank-heavens-that's-over" form, but one or two writers see a dark lining to this silver cloud. Editorially the *Economic World* makes this suggestion of danger:

Assuming that Germany will endeavor seriously and in good faith to carry out her part of the contract, there must come a new alignment in the import and export business of the world; for naturally Germany will have to float loans and establish credits abroad in order to purchase raw materials and supplies, and she will have to seek and secure foreign markets in which to sell her manufactured wares. It is only through an excess of her exports over her imports that she can hope to liquidate the greater part of her obligations to the Allies. She will be compelled, moreover, to enter into active competition with other nations in the outlying markets of the world, from which she has been excluded for years; and merely to obtain the funds to meet the indemnity instalments she will have to secure a fair share of the business which has been going of late to England, France, Belgium, Italy, Japan, and the United States. Germany will have many serious handicaps to overcome at the outset, and no one can foretell how the problem will work out; but it is difficult to see a successful accomplishment otherwise than at the expense of some of the foreign trade of her old adversaries, including ourselves.

Writing in the same periodical, Arthur Richmond Marsh says:

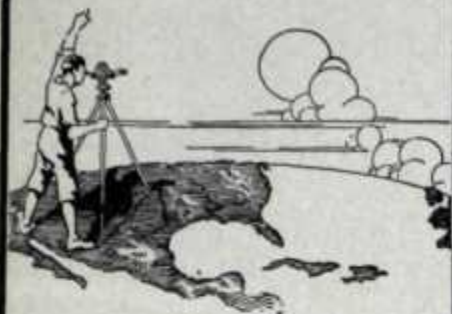
If the program is to be carried out successfully we should say that, roughly speaking, the markets of the United States alone would have to take German products to the extent of something like \$500,000,000 more a year than ever they did before the war. This, too, in our opinion, is quite within the bounds of possibility, given a sufficient readjustment of our industrial and commercial economy; but could such a readjustment be accomplished without far-reaching uncomfortable effects for our manufacturers and merchants. And so it must be with all the countries that afford adequate markets for the great flood of exported German products that is implied by the reparations settlement. In short, the settlement, however beneficial it may prove to be in the long run, will certainly not be found to be a quick panacea for the present economic troubles of the United States or of the world at large.

The *Bulletin* of the National City Bank, in its discussion of the German reparations question, says:

Objection has been made to the plan of basing payments upon German exports, on the



# Completeness



## MAPS

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ground that it would stimulate them, but the plan is based upon the sound theory that the payments must be accomplished by means of exports. It is not clear that the policy will stimulate exports. It seems more likely to prompt Germany to be more self-contained than it has been in the past, as it is safe to say that not much international trade is carried on at a profit as high as 26 per cent. As the individual exporter does not make the payment, his incentive to sell is not directly affected, but apparently the influence upon national policy naturally will be to discourage imports, which must be paid for with exports.

Naturally, the question arises whether or not this is a final settlement. It promises to be such, at least in the sense that under the plan there will be a practical demonstration of what Germany is able to pay. There has been room for wide differences of opinion upon this point, and these have been the main obstructions to an agreement. The ability of Germany to pay, as we have heretofore pointed out, depends in part upon the willingness of other countries to buy her products, and in part upon the willingness of the population to work for low wages and consume little in order that their products may be sold cheaply and exported in large volume. The undertaking is an experiment in indemnity-collection, in sociology, and in world trade. The Allies are basing their expectations of getting anything above about \$12,000,000,000 upon the recovery and growth of German exports. If they fail to rise as anticipated, there will be nothing to do but accept the situation, and perhaps eventually modify the fixed terms, but it does not seem likely that any serious crisis will arise again over the question of indemnity payments. In view of the difficulties in which the settlement was involved, and the unpromising state of negotiations a few weeks ago, this is a fortunate outcome.

*The American Banker* discusses what would result if an effort were made to float German bonds here:

Acceptance of the terms for reparations by the Germans raises the question as to whether American resources will in any way be involved in the financing which this settlement will entail. The agreement calls for an immediate payment in gold marks, to be followed in July by the delivery of the first in the series of bond issues. Naturally the French Government will be desirous of marketing some of these bonds, and there is active speculation as to the terms under which they may be offered in America. Beyond the direct sympathizers of Germany, it is obvious that few would be willing to pay real money for German bonds, without the indorsement of the English or French Government. Perhaps a more desirable method would be for the French to issue their own bonds against the German reparation issues.

The suggestion that the American Government would accept German bonds in lieu of the money owed to us by the Allies is not taken seriously; neither is it thought that any considerable amount of new foreign bonds could be absorbed here. In the event that such bonds are taken up here, they would, of course, to that extent, tend to rectify the balance of trade and help to correct the exchanges, providing also goods for further reconstruction work in France and elsewhere.

The value of the settlement as clearing the road is the point insisted on by the *Financial Age*, which says:

There is no doubt but that the adjustment of this dispute is the most reassuring development that could take place in international finance for it has been an element of disturbance for many months and now that it is out of the way the people have a chance to think and plan for other things. It is probable that a good many foreign loans will

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Old and  
New



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*Pay their cost  
many times over*

A general condition in many plants is that their departmental arrangement, through gradual growth and accretion, greatly hinders movement of materials. Very often also practices develop which are accepted without proper analysis, and which are far from economical.

A common sense survey of such plants from an engineering standpoint nearly always results in practical suggestions which cut manufacturing costs, and these improvements can often be made at slight expense.

It is more than likely that some desirable changes could be made in your plant layout, and you would make them if you were satisfied in advance as to their value. The assurance that our recommendations may profitably be accepted is easily gained from a knowledge of what we have done for others.

For this reason we solicit the opportunity of discussing the matter of plant improvements with you, without obligation or expense on your part.

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be offered here now that the indemnity terms have been decided upon.

### "Truth in Label" Laws that

#### Work Unfairly to Business

**T**RUTH in label" legislation is engaging the attention of courts and lawmakers, and the results are not uniformly satisfactory. North Carolina has a bill providing that all paints must be labeled to show "name and per cent of each constituent part."

*Oil, Paint and Drug Reporter* sees trouble:

In so far as its branding provisions are concerned, this measure echoes the rather widespread agitation for "pure paint" laws of recent years. It encroaches, however, somewhat inconsiderately upon proprietary rights in its quantitative formula-disclosure demands, opening the way to destructive imitation and competition, without serving any better purpose than would be the result of a requirement for a qualitative statement of ingredients and a negation of adulteration.

As the law fixes no standard for paint and does not define adulteration, does not even authorize the officials entrusted with its administration to determine what any sort of paint should be, the purpose of the labeling provisions seems to be limited to furnishing the consumer with information upon which he may base his own judgment as to quality. That is inviting unfair competition with a vengeance.

Out in Wyoming they have, as the *Dry Goods Economist* says, "put across" a pure wool law which provides that all woollen goods sold in the State shall have a label bearing one of three descriptions: "All virgin wool," "Not less than . . . virgin wool," or "No virgin wool." The blank in the second form must be filled with some percentage.

The *Economist* reports that the bill is working unfairly:

Merchants of the State have conscientiously tried to carry out the dictates of the measure. But they have found it extremely difficult to secure the information necessary for marking their wares and hence practically impossible to guarantee their markings. At the same time mail-order firms are able to ship goods into the State without such markings as the law requires. There is no restriction, apparently, as to claims which may be made in their catalogs about the wool content of their goods.

Some of the pure fabric bills introduced in Congress have been bad enough; but at least Congress have been bad enough; but at least laws have no such saving grace. Let merchants take as a warning the plight of Wyoming's distributors and initiate vigorous action to crush in their incipency bills of like character should they be offered for consideration.

Meanwhile the Federal Trade Commission in its effort to regulate labels has, as reported in *The Knit Goods Bulletin*, got a setback at the hands of the United States Circuit Court of Appeals. The Commission had ordered the Winsted Hosiery Company not to use the words "Merino," "wool" or "worsted" on goods not composed wholly of wool. In setting aside the order the court said:

The commission is not made a censor of commercial morals generally. Its authority is to inquire into unfair methods of competition in interstate and foreign commerce, if so doing will be of interest to the public. And if such method of competition is prohibited by the act, to issue an order requiring the person or corporation using it to cease and desist from doing so.

In this case there was obviously no unfair

## The First National Bank of Boston

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commercial bank-  
ing business of  
every nature**

**Make it your  
New England Bank**

**Capital,  
Surplus and Profits  
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method of competition as against other manufacturers of underwear. The labels were thoroughly established and understood in the trade. There was no passing off of the petitioner's goods for those of another manufacturer. There was no combination in restraint of trade nor any attempt to establish a monopoly. Manifestly no other manufacturer of underwear could have maintained a suit against the petitioner for unfair competition or for an injunction or damages under the Anti-Trust Acts. Assuming that some customers are misled because they do not understand the trade significance of the labels, or because some retailers deliberately deceive them as to its meaning, the result is in no way connected with unfair competition, but is like any other misdescription or misbranding of products.

The *Bulletin* adds that the Commission has appealed the case and, "according to one of the commissioners, will itself have to 'cease and desist,' if the decision of the Court of Appeals shall be upheld."

### The Tie Up of Shipping as Proof of World Depression

A WRITER in *Fairplay*, the English shipping journal, undertakes to estimate how much of the world's cargo tonnage is idle. Writing early in May, he says:

The reports which reach me show that the number of steamers laid up is increasing every day; in fact, it is now difficult to find laying-up berths in this country. A week or so ago reports from 36 ports in the United Kingdom showed that about 1,100 vessels, aggregating about 4,000,000 tons deadweight, were laid up, as compared with about 600 boats of about 2,250,000 tons deadweight at the end of January. These returns do not cover the whole of the tonnage laid up here, as owners have sent their vessels to any port where the boats could lie safely and cheaply. It is interesting to note that, of the steamers laid up in this country, about 250,000 tons are under foreign flag. In the Scandinavian countries about 1,500,000 tons deadweight are lying idle, and in America about 6,500,000 tons; while in Japan, India and other places large numbers of steamers are waiting for better times.

If it were possible to get out anything like complete figures, it would, I think, be found that considerably more than half the cargo boat tonnage of the world is out of use at the present time. In many cases the boats are, or will be, due for their surveys, and, as the cost is prohibitive, at all events in this country, it is quite on the cards—unless things alter very materially—that many will not again be put into commission.

### The Cost of Comforts

IN railing at high rentals, the tenant too often fails to take into consideration that part of the monthly bill which is a tax on comforts. Our forefathers were content, of necessity, with shelter and a fireplace. Nowadays we demand furnaces and sanitary plumbing. To get them we must pay more rent. Irving E. Macomber has thus estimated the outlay on a well-balanced residential investment—not an apartment house:

Land (including utilities).....	20%
Structures (exclusive of equipment).....	60%
Equipment (plumbing, heating, electric wiring and fixtures, fireplaces, etc.)....	20%
Total .....	100%

That is to say, whether you own or rent your dwelling, the equipment demanded by your high standard of living costs as much as the land with its essential utilities.



## THE COMBINED ADVANTAGES OF THE PORT OF PHILADELPHIA

For the consideration of those interested in coastwise and overseas shipping, we present the following advantages enjoyed by the Port of Philadelphia:

Philadelphia furnishes the best possible combination of railroad facilities with port terminals; the most modern system of piers, docks and wharves; the only fresh-water port of any consequence on the Atlantic Seaboard; the most attractive rates on long distance hauls to tide water; frequent scheduled sailings to ports of all important countries of the world, and, of prime importance, a pervading spirit of co-operative helpfulness on the part of her commercial, industrial and financial leaders toward the shippers who patronize this port.

The Philadelphia National Bank has the ability, the facilities and willingness to contribute complete banking co-operation to merchants, manufacturers, exporters and importers.

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**DURAND** Steel Racks are not simply bins and shelving.

They are an essential adjunct of system in handling stocks of goods, keeping perpetual inventory, etc.

They are not mere metal; they are a method—a method so flexible that it will meet the fluctuating needs of practically any stock room.

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## The Log of Organized Business

The taxation referendum of the United States Chamber of Commerce—  
A national conference on forestry problems—Oregon's State Chamber seeking for settlers—Varied activities of local organizations

A SERIES of taxation questions was submitted recently to a referendum vote of the 1,400 business organizations within the membership of the Chamber of Commerce of the United States. The vote is on proposed forms of taxation and does not deal with amounts of revenue to be raised.

The purpose of the referendum is to fix the National Chamber's position on the forms of levy which might be used if needed to replace revenue lost through the proposed repeal of the excess profits tax; to determine an attitude with respect to the continuance of war excise taxes, and to get opinion as to the form of taxes that might be substituted for excise taxes if the revenues now derived from them have to be replaced.

One probable result of the vote will be to determine the Chamber's position as to a sales tax, on three forms of which members are asked to vote.

The referendum is supplemental to one, taken last winter, which did not result in a decision respecting all questions asked. The first referendum brought a decision as to treatment of increments to capital income, questions of net and inventory losses, administration, etc. The present referendum is confined to forms of taxation which had prominence at the Chamber's last annual meeting, held at the end of April in Atlantic City.

The Chamber was committed in the first referendum to a repeal of the excess profits tax. The first section of the present referendum asks a vote on repeal also of war excise taxes. The second section offers the opportunity to vote on substitute taxes that might be used to replace revenues lost through various repeals and includes combinations of substitutes. The third section deals with forms of sales tax and asks those voting for a sales tax to specify which of three types they favor.

The ballot is as follows:

### Repeals of Taxes

(1) Do you favor repeal of war excise taxes levied in relation to particular business (except transportation and communication)?

(2) Do you favor repeal of war excise taxes on transportation and communication?

### Substitute Taxes

(1) Repeal of excess profits taxes on corporations, already advocated by the Chamber, involves an estimated decrease of Government revenue approximating \$450,000,000. If you favor this repeal alone, do you favor replacing this revenue by (a) Use of increased income tax on corporations? or (b) Use of sales tax?

(2) If you have voted in favor of repeal of war excise taxes levied in relation to particular businesses, do you favor replacing the revenues of \$850,000,000 (excess profits estimated, \$450,000,000; war excise, \$400,000,000) by (a) Use of sales tax in addition to increased income tax on corporations? or (b) Use of a sales tax to bring in the whole amount?

(3) If you have voted in favor of repeal of war excise taxes on transportation and communication, do you favor replacing the revenues of \$800,000,000 (excess profits estimated, \$450,000,000; transportation and communication tax, \$350,000,000) by (a) Use of sales tax in addition to increased income tax on corporations?

or (b) Use of a sales tax to bring in the whole amount?

(4) If you have voted in favor of repeal of war excise taxes levied in relation to particular businesses and also in favor of repeal of war excise taxes on transportation and communication, do you favor replacing the revenues of \$1,200,000,000 (excess profits estimated, \$450,000,000; war excise on businesses, \$400,000,000; war excise on transportation and communication, \$350,000,000) by (a) Use of sales tax in addition to increased income tax on corporations? or (b) Use of a sales tax to bring in the whole amount?

### Forms of Sales Taxes

(1) If you have voted for use of a sales tax, do you favor (a) Use of a tax on retail sales of merchandise only? or (b) Use of a sales tax on turnovers to bring in the whole amount?

(2) If you have voted for use of a turnover tax, do you favor using a turnover tax (a) On goods, wares, and merchandise? or (b) On all turnovers?

A statement accompanying the ballot makes it clear that the figures used to show probable revenues are estimates only and are especially liable to inaccuracy in times of changing business conditions.

The three types of sales tax mentioned are defined in the statement so that the voter will know what the terms as used mean. The retail sales tax is a tax on retail sales of merchandise and at 1 per cent has been estimated to yield between \$350,000,000 and \$400,000,000 a year. The turnover tax is divided into two classes, a tax on all sales of wares, goods, and merchandise, and a tax on all transactions. A turnover tax on commodities has been estimated to yield at 1 per cent about \$1,100,000,000 a year. A turnover tax on all business transactions has been estimated to yield at 1 per cent about \$1,575,000,000.

The war excise taxes on businesses, which it is estimated will yield about \$400,000,000, draw their chief revenue from automobiles and accessories, theaters, beverages, jewelry, watches, candy, insurance, wearing apparel, fur, musical instruments, perfumes, sporting goods, motion picture films, etc. The tax on transportation and communication, estimated to yield \$350,000,000, comes from freight, passenger, and express charges; Pullman fares, oil by pipe line, messages, and leased wires.

### Another Lyons Fair

THE autumn meeting of the Lyons Fair will be held from October 1 to October 15, 1921, at Lyons, France. This fair, which is one of the oldest in Europe, is held under the patronage of the President of France and of the Minister of Commerce and Industry. Mr. Emile Garden, the official delegate for the United States, with offices at 150 Nassau Street, New York, N. Y., calls attention to the regulations governing this fair and the opportunities it affords for American manufacturers of the following products, which will be exhibited: Industrial supplies, light hardware, metallurgical products, general and electrical engineering, industrial buildings, India rubber goods, musical instruments, agricultural products, dry and



liquid foodstuffs, agricultural machinery, and transportation equipment.

### Local Cooperation

IN A special edition of "Activities," its monthly periodical, the Indianapolis Chamber of Commerce presents to its members the machinery and purposes of the Chamber of Commerce of the United States—"the nerve center of the composite American business man."

The cover design is a sketch in four colors of the future Washington home of the national Chamber, and the issue contains articles by President Joseph H. DeFrees on "The Value of Civic Organization," by Elliot H. Goodwin, resident vice-president, on the assistance the national organization is giving Secretary Hoover, by Harry A. Wheeler on "A Workshop for Business," and another on how the national Chamber functions.

"We are quite pleased with our special efforts," writes John B. Reynolds, general secretary of the Indianapolis Chamber, and well he may be. The issue is handsome and well edited. Secretaries of local chambers are coming more and more to realize the importance of a national viewpoint in their work, and the special number of "Activities" is an attractive evidence of it. The magazine was sent not only to members of the Indianapolis Chamber, but to each national Councillor and to councillors of American chambers abroad.

### Oregon Gets Busy

OREGON was awakened from a smug contentment by certain embarrassing facts brought to light in the census figures of 1920. These figures showed that the average density of population throughout the United States was 35.5 persons per square mile; for the State of California, 22 per square mile; for the State of Washington, 20.3 per square mile, while Oregon could only boast of 8.28 per square mile. These figures were disconcerting to the complacent and therefore self-satisfied citizens of Oregon.

"Why is it," they asked, "that other States to the north and south and east of us are developing at an enormous rate while we are practically standing still? Isn't it a fact that only one-fifth of our agricultural lands are actually under cultivation? Isn't it a fact that Oregon ranks third in the Union in grain yield per acre?"

Questions ceased and investigations began. The Oregon State Chamber of Commerce sounded out the situation in the Middle West and discovered a situation as unexpected as it was disconcerting. At Omaha, Nebraska, and Kansas City, Missouri—twin gateways where the roads taken by the westward-moving population spread out fan-like to the north and west and south—it was found that a veritable immigrant market-place had developed, a market where the wares of the various States were exhibited to the best advantage for the information of the homeseeker, assisted by the last word in advertising technique.

As far as Oregon is concerned, the new order of things was met with creditable promptness. It was, in fact, carried even further. Representatives of the Oregon State Chamber of Commerce are now in the Middle West, operating from Omaha as a base, and are grouping together all prospective homeseekers for the purpose of taking them to Oregon in a body. Special train parties are being arranged for after harvest, thus enabling the Middle Western farmer to go to Oregon and see for himself the opportunities awaiting him.

(Continued on page 48)



## Now Send Your Goods to *this* Market

YOU may be reaching the usual congested markets, with more or less favorable results: but that isn't *all* you want—

There's a big wide-open field awaiting you *right now*; a field that will welcome whatever you have to sell; a buying class of discerning people who have the money to pay for your goods: *the substantial, progressive farmers of America*. These farmers are fast overcoming the recent financial strain; farm products are bringing more; farm labor is costing less.

The fluctuating conditions of the industrial world—the unstable position of the mechanic and clerical worker—have little in common with the farmer of today who is already on a definite solid foundation of profit.

## Sell Your Goods in this Big Market

### Now's the Time to Get Ready for Fall Sales

This is a live, attentive market that will listen to your story and buy without quibble, *once it knows your article*. Win the confidence of these people—then win the sales. Take the direct route to market—talk to the farmer in his home, in his spare hours. How? Use the columns of *FARM AND HOME*, the national farm-home magazine that goes into over 650,000 farm homes because it's wanted in each of them—is paid for, read and studied.

*FARM AND HOME* readers buy all kinds of good things—from equipment for the farm to adornment for the family—and they buy quality articles just like city folks.

*FARM AND HOME* readers are *real farm readers*—think of 90 per cent living on R. F. D. Routes and in villages of 2500 or less! And bear in mind also that *FARM AND HOME* has the largest percentage of renewals of any national farm paper—and the smallest rate per 1,000 readers!

Think this over—not too long—and *start*—take advantage of this big, moneyed, responsive market that's waiting to buy *your* goods.

Write for "Inside Stuff," a house organette whose strains may help along sales.



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Make out your payrolls on them and eliminate the payroll robber, as well as the fraudulent check manipulator. Each one of these checks is guarded by a bond insuring you and your bank against loss.

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### Pictures as Salesmen

**CHAMBERS** of Commerce in San Francisco and Macon, Ga., are using photographs liberally in making the country acquainted with the attractions of their communities. The Macon Chamber recently conducted a contest, with seven prizes ranging in value from \$25 to \$5, to stimulate amateurs in submitting pictures of the city and its vicinity for use in newspapers, magazines, and the Chamber's literature.

Photographs of San Francisco's public buildings, residences, ocean beach hotels, and parks, and panoramas of its bay and city-crowned hills, now go out regularly with every letter sent from the San Francisco Chamber of Commerce. Utilizing the rotogravure process the chamber has had printed thousands of letterheads of four pages. The two inside pages are given over to pictures.

### One-Man Farms

**THE El Centro (Calif.)** Chamber of Commerce has proposed the one-man farm. More than 3,000 acres within a radius of a few miles of this city have been pledged for subdividing into units of ten to forty acres to be sold to actual settlers on long time and easy terms. The plan has been endorsed by the Associated Chamber of the county, and each of the local chambers will have listings of such lands, but will refer the prospective purchaser to the owner or agent of the lands to make the deal.

### Italian Metal Industries

**THE Associazione Nazionale fra gli Industriali Meccanici ed Affini**, in Milan, Italy, announces that it will be glad to give any American association or concern information it may desire regarding the metal industries in Italy. The national position of this association makes this offer interesting to American metal manufacturers and dealers who desire to cultivate the Italian market.

### Government Monopoly Opposed

**VIGOROUS** opposition has been expressed by the Chamber of Commerce of the United States to the Fitzgerald bill, which would provide compulsory monopolistic workmen's compensation insurance for the District of Columbia. Elliot H. Goodwin, resident vice-president of the Chamber, appeared before the sub-committee of the House Committee on the District of Columbia to set forth the Chamber's position.

Mr. Goodwin made it clear that the Chamber is not opposed to the principle of workmen's compensation, but to the Government's entry into the field of business. He said:

The opposition we desire to express is based upon the policy of the Chamber of Commerce of the United States established for it by its members through resolutions at a series of annual meetings against the interference of government in business. The Chamber finds itself in complete accord with the statement of principle expressed by the President of the United States for "More business in government and less government in business."

The application of this principle to the bill in question lies in the fact that by the provisions of the bill the United States Employees' Compensation Commission, a governmental body, is to create and administer a fund for assurance of compensation, excluding all possibility of participation by companies engaged in the business of insurance. This is a form of government monopoly which could be justified only if insurance were demonstrated affirmatively to be incapable of performing this function with efficiency. Such a demonstration has not been forthcoming.



## Bureau of Education

A BUREAU of Education is the first of four new bureaus to be established in the Department of Civic Development of the Chamber of Commerce of the United States. The other Bureaus to be created are Housing and City Planning, Immigration, and National Civics.

William Mather Lewis, of Chicago, formerly director of the savings division of the federal Treasury Department, is the chief of the Education Bureau. As director of the savings division of the Treasury, Mr. Lewis was in charge of the Government's campaign for thrift, savings, and sound investment. Before that he had been connected mainly with educational work. He was president of the North Central Academic Association of Illinois; instructor in English, Illinois College; and spent a year and a half in Europe studying educational and economic conditions.

The purpose of the new bureau is "to assist in procuring for all Americans a common school education at least, under competent teachers and in a wholesome environment, to the end that pupils may receive not only mental training but guidance in character building and instruction as to the privileges, duties, and responsibilities of American citizens. American business is vitally interested in an education system which will develop in every citizen maximum individual efficiency and service to society."

## Baltimore's Marine Show

UNDER the slogan "Keep the Flag Flying, World Trade in American Ships," Baltimore commercial organizations make announcement of the Marine Show and Export and Import Exposition to be held at the Fifth Regiment Armory, during the week, July 11 to 16.

The Export and Import Board of Trade of Baltimore with the cooperation of the Merchants and Importers Association, the Board of Trade of Baltimore, and the Baltimore Chamber of Commerce, is conducting this exposition which will be given an international character.

## For Soldier Relief

CONSOLIDATION of government agencies dealing with soldier relief is advocated by the Chamber of Commerce of the United States in a communication sent to members of Congress recently by Joseph H. Defrees, president of the Chamber.

The Chamber deploras any tardiness in the generous treatment of those who served in the armed forces and who were disabled. It favors constructive measures to enable ex-service men to cultivate the soil, to build homes or to obtain vocational training and suggests a national system of reclamation of waste areas, which will afford opportunity to soldiers and which at the same time will advance the national interest.

A general cash bonus or its equivalent in certificates is opposed, on the ground that it would mean a heavy increase in the burden on the entire community.

## Charters Shipping Company

A BOAT line has been established between Baltimore, Norfolk, and New Bern, N. C., and Washington, N. C. A special committee of the New Bern Chamber visited Washington and interested officials of the War Department in establishing the line. The New Bern Chamber chartered a company in Eastern North Carolina for a million dollars to take over the boat line when the time arrives for the Government to cease operating it.



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# What's Back of Bolshevism

Russia's brand of unrest need have no terrors here, but we must face the fact that there is a new struggle for economic equality

By STANLEY J. QUINN

**T**HE GREAT conflict through which we have just passed has given impetus to an idea perhaps as far reaching as the idea of political equality which the French Revolution fathered. We are still too close to the event to be able to give exact definition to the new thought which is abroad in the world today, but we have seen it express itself so unmistakably in so many quarters that it would be folly to close our eyes to its existence or to underestimate its significance.

In Russia men call it "Bolshevism." In Italy they call it "Syndicalism." In Germany they call it "Revolution," and in England "Nationalization." As Zinoviev, Chairman of the Executive Committee of the Third Internationale, boasted more than a year ago:

"The strike of millions of English railway men, the strike of American longshoremen, of German metal workers and of Italian workmen of almost every trade, have a worldwide historic significance."

It is not sufficient for us to call this new idea "Bolshevism," and because of its impracticability refuse to give it serious consideration. The idea is broader and deeper than the tragic nightmare which is Russia. If we recognize it as something which underlies Russian Bolshevism, Hungarian Communism, Italian Syndicalism and English labor strife, it is possible for us to classify this thought as a groping toward some new form of industrial and economic equality as distinguished from the political equality which has occupied men's minds during the century now past.

In our own experience during the last 20 years, we have seen the gradual tendency in America toward the expression of this same thought through the peaceable, orderly processes of our own industries. We, ourselves, have evolved in that time a new conception of the relations between employer and employee, a continual development and clarification of the rights and duties of the man who directs and of the man who labors. We do not recognize in the nightmare of the Russian Revolution any resemblance to our own efforts, any more than the founders of our Nation recognized in the miseries of the French Revolution a distant and distorted reflection of their efforts toward representative government.

Our Federal Government and the State Government of New York have both published warnings showing that the Soviet Government of Russia has attempted, and is attempting, to arouse the spirit of discontent among American workmen.

The I. W. W. strike in Seattle, the Police strike in Boston, the Longshoremen's strike in New York, and the Outlaw railroad strike in Chicago are, all of them, indications that we have not been free from the unrest which has swept other countries.

Conservative reports show that there are in the United States more than three hundred thousand dues-paying members of societies the avowed purpose of which is to overthrow the institutions which form the very corner-stone of American Government. Certain paid agents of Russian Bolshevism who were directing propaganda among American workers have been discovered and deported, but there

are many indications that for every one who has been silenced there are a dozen who are still at work.

Over two years ago Lenin, through his agents, addressed a personal letter to the workers of America in which he stated that the "revolutionary proletariat" of America "is destined to perform an important task" in the world plan of the Soviet Government:

"We know," said Lenin, "that it may take a long time before help can come from you, comrades, American working men. For the development of the revolution in the different countries proceeds along various paths with varying rapidity. We know full well that the outbreak of the European proletariat revolution may take many weeks to come, quickly as it is ripening in these days."

Whatever their faults, those who have held Russia in subjection for more than three years are not without ability. They recognize that this country is acting as the balance wheel of the world, and that if America's industrial morale can be destroyed their work will be made much easier in every other country.

We have, then, today this situation in America: More than three and a half million of our workers are unemployed; our industries are undergoing a period of depression which will require all the skill and genius of our industrial leaders to weather; inflated war wages are being reduced to keep pace with the lower prices which the whole country desires; and underneath our entire industrial structure a few malcontents, financed and directed from the most unhappy country in the world, is attempting to turn to their own advantage the natural unrest of the American worker who is feeling the pains of a necessary national readjustment.

### America Won't Follow Russia

**I**T IS a situation which demands clear thinking and united action on the part of those who have the responsibilities of leadership. No one who knows the temper of the American people can conceive the possibility of a Bolshevik America. Our danger lies not in anything as radical and fantastic as Bolshevism, but in the fact that, in discarding the possibility of Bolshevism we may close our eyes to the truth that some change is inevitable. We forget that it is the duty of all to aid in directing the forces of change into channels which will be helpful rather than disastrous.

I referred before to a new idea which had been given added impetus by the Great War—the idea of some sort of economic equality between the employer and the employee. That idea was abroad in this country before the war. That idea, in one form or another, is in the minds of every American executive and of every American worker. And the thought which I would emphasize is that it is today as much the affair of the American business man to take an interest in the social and economic changes going on about him as it is to watch his inventories, to stimulate his sales department, or to regulate his prices.

There is as yet no cause for serious alarm. Our industrial organization still is healthy, our people have not felt the pressure of priva-



tion and suffering which has blinded the eyes and warped the judgment of less fortunate nations. But fortunate as is our lot, we cannot afford to ignore the march of events and to assume that matters will continue to go right without the intelligent assistance and cooperation of those elements in our body politic which are qualified to lead.

The great experiment in representative government which is America has withstood the stress of over one hundred years. It has peopled a continent and created the richest, happiest and most powerful nation that the world has ever seen. Surely the preservation of the institutions which have made that nation great are worth the attention and the assistance of every citizen, no matter how large or how far-reaching his private responsibilities may be. If only the men who have devoted and are devoting their lives to the industrial progress of the United States will give the same time and thought to protecting and preserving American institutions that is being given by those who hope to tear those institutions down, America need have no fear of Bolshevism, Syndicalism, or the other spawn of fanaticism and inexperience.

If, serene in our confidence in present conditions, we ignore the possibility of trouble, the new idea will ferment in dark corners, tended by those who neither love nor know America, until it becomes a menace which only our mightiest efforts can avert. If here and now we turn and face our problem, recognize that only nations which are dead stand still, that progress is inevitable, that the America of tomorrow will be better than the America of today; if we waken and unite the sane and intelligent Americans of the East and West, of the North and South, and interest them in an effort to evolve the new thought of economic equality into something which will strengthen and perfect American institutions, we can solve our purely industrial problems, we can carry America through this period of depression, and vindicate the ability of American democracy to protect itself against internal corruption no less effectively than against external aggression.

### The Ten Great Commodities

NEARLY half of our eight billion dollar export trade in 1920 consisted of only ten commodities, and seven of these ten, constituting 35 per cent of our entire exports, exclusive of exports of foreign merchandise, are either foodstuffs or raw materials, according to a bulletin on "Our World Trade in 1920" recently issued by the Foreign Commerce Department of the Chamber of Commerce of the United States.

What are these ten chief exports? Raw cotton, over a billion dollars worth of it, easily leads the list. Its nearest competitor is wheat, valued at \$597,000,000, or just a little more than half the cotton figure. Heavy shipments of coal at high prices give that commodity third place. Automobiles, valued at \$298,000,000, are fourth, while leaf tobacco is fifth. Cotton cloth, valued at \$238,000,000, is sixth; wheat flour, valued at \$224,000,000, is seventh. Lubricating oil is eighth; and the two hog products, bacon and lard, are ninth and tenth, respectively.

On enumerating all products having a value of more than \$10,000,000, the list contains only 102 different commodities; but those 102 commodities represent 82 per cent of the total exports, or 62 2/3 billion dollars out of the \$ billions of U. S. exports.

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to inflated prices that there has been some skepticism as to whether our exports and imports have increased or decreased, especially from 1919 to 1920. To find the answer, 52 articles, valued above \$10,000,000 and representing two-thirds of our exports in value, were converted into a common unit—pounds. It was found that the 1920 total was 157.7 billion pounds, or 84 per cent increase over the average for the prewar period, 85.5 billion pounds. The increase over the 1919 volume, 114 billion pounds, was not so large, about 38 per cent, but it shows a satisfactory gain. The same story is told when the available quantities of the commodities valued at less than \$10,000,000 are compared. Taken together with the 52 chief exports, they represent about three-fourths of the value of all the exports and show a volume increase of 37 per cent, proving rather conclusively that our export trade made a comfortable gain during 1920.

Coal tops the list so far as volume is concerned. During 1920 nearly 90 billion pounds of coal were exported. This amount is more than double our prewar shipments and 74 per cent greater than in 1919.

Wheat ranked second, with 13 billion pounds, or 178 per cent above the prewar average and 47 per cent higher than in 1919. Fuel and gas oil and illuminating oil held third and fourth places, respectively, their combined total being above 12 billion pounds. Wheat flour, the fifth largest, dropped 25 per cent from 1919, but still was 80 per cent larger than before the war.

The greatest gain over 1919 was in gunpowder, which showed a 550 per cent increase. When compared with the prewar average, alcohol gives the enormous gain of 19,068 per cent.

### The Greatest Gain

THE exports of "manufactures ready for consumption" show the greatest gain over 1919. However, many articles not usually thought of as being manufactured are included in the statistical classification. Such staples as fertilizers; turpentine; fish and lard oils; illuminating and lubricating oils; gasoline; cocoa butter; coconut, corn, linseed, peanut, and soy bean oils; lubricating grease; and sponges, fall into this group.

Many of the same commodities are found among both the chief exports and chief imports. We export large quantities of our upland cotton and bring in the finer Egyptian and coarser China products for utilization where our own product is not so satisfactory. We ship Virginia, North Carolina, and Kentucky tobaccos and import the product of Cuba, Sumatra, and Turkey. Other products both imported and exported in great amounts are wheat, cotton and wool cloths, cotton yarn, copper ingots and pigs, pig iron, lumber, leather, rice, fertilizers, cigarettes, butter, crude petroleum, printing paper, and potatoes.

Grouping our chief exports by principal industries brings to light the dominance of the foodstuffs, textile, and metals groups. The exports of these three amount to 4.6 billion dollars out of the 6.6 billions of chief exports, or 70 per cent. The chemical group is fourth, with exports of \$815,000,000; coal and coke is fifth, with \$360,000,000. Then comes tobacco, \$282,000,000; leather, \$176,000,000; lumber, \$123,000,000; paper, \$45,000,000; stone-clay glass, \$40,000,000; miscellaneous, \$176,000,000.

All of our markets with the exception of Europe show an increased trade over 1919. Here a 14 per cent falling off is registered. The greatest gains are shown by Africa, 69 per cent; South America, 41 per cent; and Oceania, 38 per cent.



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## The Science of Personnel

Recent Business  
Books Discussed

**A**FTER every war a wave of unrest sweeps through the ranks of workingmen, and the problem of industrial relations becomes acute. It is only now that the value of personnel work in meeting the problem is coming to be recognized in this country, although in European plants it has been a commonplace for decades; and an increasing library dealing with it is issuing from the presses of American publishers. Among recent books a few may be cited:

**PERSONNEL RELATIONS IN INDUSTRY**, by A. M. Simons, the Ronald Press, New York.

**EMPLOYMENT METHODS**, by Nathan W. Shefferman, the Ronald Press.

**HUMAN ENGINEERING**, by Eugene Wera, D. Appleton and Company, New York.

**LABOR MAINTENANCE**, by Daniel Bloomfield, the Ronald Press.

**TRAINING INDUSTRIAL WORKERS**, by Roy Willmarth Kelly, the Ronald Press.

**PERSONNEL ADMINISTRATION**, by Ordway Tead and Henry C. Metcalf, McGraw Hill Book Company, New York.

**THE TURNOVER OF FACTORY LABOR**, by Sumner H. Slichter, D. Appleton and Company, New York.

Within the space allotted to this department, it is impossible to devote to each of these volumes the attention it merits. It will be possible only to discuss in a general way the topics with which they are concerned, and to deal specifically with a few of the points the authors make. This is not because what they have to say is lacking in importance to business men generally. On the contrary, it is now coming to be realized that the personnel department should stand on a par with the production department; and this, in a country which has pushed into the very vanguard of efficient and rapid production, is significant.

A personnel department should deal not only with the health and safety of employes, but with their education, rewards, and with joint relations between employers, foremen, and workers. Health and safety require activity in regard to working hours, the installation of safety devices and precautions, and the establishment of high standards of physical working conditions. It cannot properly be said, however, that negotiations with the working force should fall within the province of this department, as is suggested by Tead and Metcalf (page 27) in "Personnel Administration." At least this is not likely to be done until the science, as yet only in its infancy, has won its spurs. But it should be said that this book contains enlightening and constructive suggestions, and one passage in particular merits verbatim quotation:

Nothing is clearer than that in so far as the personnel executive comes to regard himself as a professional person, he will find himself at times in sharp disagreement with the policy or methods favored by other executives. That will be in no way to his discredit; indeed this is in a sense the service he is there to render. And to the extent that his stand is dictated by a high sense of ethical obligation combined with a full and accurate scientific knowledge, he will be fulfilling his essential function. He should, in fact, be to a degree the conscience of the management; not, as someone has said, "the conscience of the factory."

There is an aspect of personnel which



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comes to the front when we consider the problem of how best to provide an official staff to look after the management end of the enterprise, and to infuse into that staff, from top to bottom, a spirit of allegiance, not only to the purpose of the enterprise but to the policy adopted for carrying it out; to procure allegiance also to the officers who enunciate the policy, and above all to attain and maintain a spirit of team play in the whole staff.

This is one aspect of the personnel problem and a very important one, though pushed into the background just at present. It is clear, however, that this particular part of the problem cannot be solved unless proper incentive is given to young men and women to take service at the bottom, with a fair field for promotion to the very top.

A second aspect comes forward when we consider the larger problem of how to attain and maintain *esprit de corps* throughout the entire organization, including line and staff, employer and employee.

Progressive business men realize keenly the value of research, but not all of them perceive that research can be carried profitably into the whole structure of administration, organization, and production. Research has demonstrated that labor turnover, one of the costliest factors in industrial relations, is but a manifestation of faults which should be corrected at their source. Job analysis and fair payment for work done, not according to a scale which places a premium on mediocrity, but on a scientific basis, will become of increasing importance as personnel activity advances.

Mr. Shefferman, who has been personnel manager for large industrial concerns and is now a consultant, devotes himself to a discussion of methods of selecting and assigning workers. His book contains useful forms worked out by large concerns, and deals with ways of testing, transferring, promoting, and holding employees. Mr. Bloomfield, formerly an associate editor of "Industrial Relations," and now a consultant also, has produced a handbook on working conditions conducive to the best work. He outlines programs for increasing plant spirit, training employees, and "Americanization." Mr. Simons, formerly lecturer on personnel relations in the University of Wisconsin and the author of "Social Forces in American History," summarizes the recent discussion of the relations between the worker and the management in American industry. Mr. Kelly, sometime Director of the Harvard Bureau of Vocational Guidance, discusses the possibilities of technical and secondary education for workers. He deals also with transfers, promotions, and the rating of employees. Mr. Wera, an industrial engineer, has studied the motives and influences which control the behavior of labor, and attempts to show how these may be diverted from hostility toward cooperation. Mr. Slichter surveys the causes and effects of labor turnover.

### Not Ready for the Museum Yet

THE HORSE is not by any means obsolete in Europe. During 1920 there were in the United Kingdom 2,600 fatal accidents caused in public places by vehicles of all kinds, and 440 were charged to horse-drawn vehicles. The horse is still surviving to a degree in the United States, too. In 1914 there were 4,400 horse-driven public carts on the streets of New York, and in 1919 the number had grown to 9,700.

To produce a *better* truck at a *reasonable* price is only the first service of Federal

Making this truck perform its task more easily, quickly, and more cheaply is the second

This exclusively Federal elevating dump body, for instance, permits Federal to serve in a manner and in places where others cannot—

#### The Federal Elevating Dump Body in Action

The Federal elevating dump body possesses many distinct and improved features. Operated by the hydraulic hoist, it raises the body to a height of from 6 to 7 feet above the ground level, permitting quick and easy loading and unloading where a high elevation is necessary. As it is a combination body, it may be used either as a regular or elevating dump body.

FEDERAL MOTOR TRUCK COMPANY - DETROIT



Another

# FEDERAL

One to  
Seven Tons  
Capacities



*Dilapidation**Application**Restoration*

## Re-roof for the last time

—right over the old shingles

WHEN a house owner is in the market for a new roof in these days of costly labor and materials, he thinks twice before he buys. First he thinks of permanence; second he thinks of economy—two considerations met perfectly by laying Johns-Manville Asbestos Shingles over the old wooden or asphalt shingles.

### An economy from the start

Of course, you save money this way, since you do not have to tear off the old shingles, nor do you have to put on new sheathing boards. But it is not so much a question of being able to afford tearing off the old roof; by leaving the old shingles on you have that additional insulation and protection.

Tearing off the old shingles was always a nuisance and even a destruction—broken

shrubbery, littered lawns, and a great clutter of splinters and dirt in the house and around the house—and all this destructive labor had to be paid for before the constructive work was started.

### Increases property value

The condition of a roof is strongly reflected in the market value of the house. It is not surprising then, that Johns-Manville Asbestos Shingles when laid over an old roof more than prove their worth in increased property value.

Johns-Manville Asbestos Shingles are made from asbestos rock fibres combined with Portland cement under tremendous pressure. They have all the permanence of the asbestos rock from which they are made—and

that has endured for uncounted ages. Each shingle is an artistic slab of everlasting mineral.

### No more re-roofing

These shingles can neither curl nor chip, warp nor shale. As there is nothing in them to decay, rust or burn, they are practically indestructible. So you can be sure that the next re-roofing bill you pay will be the last one if you use Johns-Manville Asbestos Shingles.

The Underwriters' Laboratories, Inc., whose business it is to classify building materials in regard to fire risk, give to Johns-Manville Asbestos Shingles the highest ratings.

### JOHNS-MANVILLE, Inc.

Madison Ave., at 41st St., New York City

Branches in 63 Large Cities

For Canada

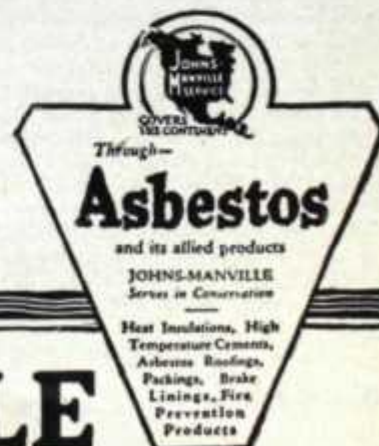
CANADIAN JOHNS-MANVILLE CO., Ltd.

Toronto



### A postcard will bring this booklet

You'll want it when you come to decide on re-roofing. It proves that the best shingles are, in the long run, the least expensive. Send to Johns-Manville, Inc., Madison Ave., New York City.



# JOHNS-MANVILLE

## Asbestos Shingles



# "Served Perfectly!" How it is done with America's Favorite Beverage



*With a deft, sure hand he adds the ice-cold, sparkling water. It looks for an instant as though the glass would overflow, but it doesn't. The amount is five ounces—exactly the right proportion.*

with the one ounce of syrup, this quantity fills the glass.

Guard against the natural mistakes of too much syrup and too large a glass. Any variation from the ratio of one ounce of syrup to five ounces of water, and something of the rare quality of Coca-Cola is lost; you don't get Coca-Cola at the top of its flavor and at its highest appeal.

You may take up a bit of the proportion of water with ice, as a small cube or crushed. Stir with a spoon.

Done quickly? You bet. The rising bubbles just have time to come to a head that all but o'ertops the brim as the glass is passed over the marble fountain for the first delicious and refreshing sip.

Coca-Cola is sold everywhere with universal popularity, because perfect service and not variations is a soda fountain rule.



*You meet few men with skill like that of the soda fountain expert. He takes a six-ounce glass and draws just one ounce of Coca-Cola syrup—the precise base for the best drink—service that eliminates waste.*

Take a six-ounce glass, not a larger or a smaller one.

One press on the syrup syphon, with the soda man's sense of touch for exact measurements, gives one ounce of Coca-Cola syrup—you know just where it should come to in the glass to be precisely the right amount.

Pull the silver faucet for five ounces of pure, ice-cold carbonated water—

That's the soda fountain recipe for the perfect drink, perfectly served. Coca-Cola is easily served perfectly because Coca-Cola syrup is prepared with the finished art that comes from the practice of a lifetime. Good things from nine sunny climes, nine different countries, are properly combined in every ounce.

*It has all been done in flashes. The glass is before you before there is time for conscious waiting. Thirst is answered by the expert with Coca-Cola in its highest degree of deliciousness and refreshingness.*



## Drink

# Coca-Cola

DELICIOUS AND REFRESHING  
THE COCA-COLA COMPANY, ATLANTA, GA.



The  
**Autocar System of  
 Personal Service  
 Through Direct  
 Factory Branches**

Stretching from Coast to  
 Coast, is the practical ex-  
 pression of The Autocar  
 Company's belief that  
 every investor in motor  
 truck equipment has a  
 right to demand just such  
 complete protection and  
 personal service as only  
 the manufacturer him-  
 self can provide.

The Autocar Company  
 Established 1897  
 Ardmore, Pa.

# Autocar

Wherever there's a road

NATIONAL CAPITAL FREDS, INC., WASHINGTON, D. C.